

The complaint

Mrs W complains Santander UK Plc (“Santander”) blocked and then closed her account after she explained she was disputing payments to car rental firms and thereby put her into an unarranged overdraft.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

In April 2024, after Mrs W’s account had gone into an unarranged overdraft, Santander gave her 30 days’ notice of its intention to close it. Unhappy, Mrs W complained. Santander didn’t uphold Mrs W’s complaint. In summary, it said:

- Santander’s security team decided in April 2024 that Mrs W was a risk, and so was no longer welcome to bank with it.
- The account will close in 30 days’ time from when Santander notified Mrs W in April 2024. The overdraft must be repaid by Mrs W and if it isn’t, it could be referred to its collections department.

Mrs W referred her complaint to this service. One of our Investigator’s looked into it, and they recommended it was partly upheld. In short, their key findings were:

- Mrs W attempted to explain why the funds which rendered her account into an unarranged overdraft were debited. But didn’t provide any evidence to support this.
- Santander provided notices for Mrs W to repay the overdraft debt, but it appears she hasn’t done so.
- Santander does retain the right to close a customer’s account, but in Mrs W’s case it wasn’t done fairly. Santander has explained to this service it saw Mrs W as a risk to it, but it hasn’t provided sufficient evidence to justify the closure. So Santander should pay Mrs W £50 compensation for the distress and inconvenience it caused.
- Mrs W will need to repay any outstanding funds she owes Santander.

Mrs W agreed with what our Investigator said. But she questioned Santander hasn’t been in touch with her to agree a repayment plan for the debt as promised. And that the debt has been passed to a third-party agent and that it’s added a default against her adversely impacting her credit file. Mrs W has said she’s not happy about the debt being passed on in this way, and a default being applied against her.

These matters don’t form the merits of this complaint which is about her account being closed. So, to be clear, my decision will only relate to Santander closing Mrs W’s account and holding her liable for the debt.

Santander didn’t agree with what our Investigator said. It argues that Santander was entitled to close the account in the way it did, and its determination of the risk Mrs W posed was correct. Santander added that Mrs W had ample opportunity to repay the debt but failed to

do so and this was considered as part of its determination of the risk she posed it.

As there was no agreement, this complaint has been passed to me to decide.

What I've decided – and why

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mrs W and Santander have said before reaching my decision.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I have decided to uphold this complaint in part. I'll explain why.

Banks in the UK, like Santander, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means Santander needs to restrict, or in some cases go as far as closing, customers' accounts.

Santander has explained and provided some evidence as to why it reviewed and restricted Mrs W's account. I'm satisfied it did so in line with its obligations.

Santander is entitled to close an account just as a customer may close an account with it. But before Santander closes an account, it must do so in a way, which complies with the terms and conditions. The terms and conditions of the account, which Santander and Mrs W had to comply with, say that it could close the account by giving her at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Santander gave notice to Mrs W that her account would close in 30 days' time. This is less than the two months', and I note the account was restricted. Because of this I must treat the closure as immediate. I note that Santander can close a non-payment account with 30 days' notice. But I haven't seen any evidence that this account was a non-payment one. And the evidence, including the statements I've been given, suggest it wasn't.

Santander has provided me with information, an explanation, and its representations on why it was entitled to close Mrs W's account in the way it did. Principle to this is why it reached the determination Mrs W was a risk to it. I've closely considered what Santander has submitted, and much of what it has said I will treat in confidence.

But having done so, I'm persuaded on balance, that Santander should not have closed Mrs W's account in the way it did. Instead, it should have given her two months' notice. Santander's internal notes show Mrs W told it that she was disputing the payments with the car rental firms that had placed her account into an overdraft. That generally is the first step a consumer is expected to take when they have a dispute with a merchant before any steps through their bank, like a chargeback, are instigated. On the face of it this seems like a legitimate dispute Mrs W was trying to resolve.

Mrs W hasn't said anything further about her dispute with the car rental firms. And given the time that has passed, I'm satisfied Santander is acting fairly by holding her liable for the debt she owes it.

Mrs W hasn't said she didn't have another bank account at the time. And Santander say she told it she had other accounts. Because of this, and as the account was overdrawn, I'm satisfied £50 is fair compensation for the distress and inconvenience Mrs W was caused for not having two months' notice for her account being closed. In reaching this figure, I have weighed up the impact of Santander not giving two months' notice had on Mrs W.

To be clear, I am not directing Santander to reopen the account.

My final decision

For the reasons above, I have decided to uphold this complaint in part. I now direct Santander UK Plc to pay Mrs W £50 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 14 February 2025.

Ketan Nagla
Ombudsman