

The complaint

Mr A complains Santander UK Plc (“Santander”) blocked his account and withheld funds of around £10,000 causing him significant financial loss, distress, and inconvenience. Mr A adds that Santander reported adverse information about him to other banks which has caused those accounts to be closed.

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 June 2024, following an internal review, Santander blocked Mr A’s account. Mr A had travelled overseas at the time as his sister was critically unwell. Mr A says he needed to pay for critical surgery for his sister but couldn’t do so as he had moved all his funds into his Santander account - a large amount of which was given to him by his cousin shortly before he travelled.

Mr A contacted Santander who informed him about the review and asked for evidence of his proof of entitlement to the funds from his cousin – who I will now refer to as “C” – sent him. Mr A explained to Santander the situation he was in and why he needed urgent access to the funds. A few days later, Mr A’s sister passed away.

Mr A says he couldn’t pay the hospital and surgery costs for her at the time. Mr A says he was living in a hotel as he couldn’t stay with family, or his sister’s children in their village, as being a UK citizen opened him up to being kidnapped for ransom. So, he needed the security the hotel provided. Mr A adds that because of his funds being blocked, he couldn’t pay the hotel who in turn confiscated his passport as security in lieu of payment being made.

Santander told Mr A it needed statements from C to show they had sent the funds, but Mr A says they weren’t willing to do this unless there was a court order as they had data protection concerns. Unhappy, Mr A complained about the block. Santander didn’t uphold Mr A’s complaint, in summary the key points it made were:

- Santander has security measures in place for the protection of its customers and accounts. As a regulated business, Santander has certain legal and regulatory obligations which can require it to withhold transactions or services, or block accounts. It can also ask for proof of entitlement to funds in the account.
- A timescale for how long the review will take can’t be given. It’s received some documents from Mr A to review.

C later gives Mr A his third-party bank statements to provide to Santander. In August 2024, Santander said the information Mr A had provided wasn’t enough to show his entitlement to the funds. And that it needs to see statements from another of C’s accounts which would show funds being sent to Mr A’s external account before being sent to his Santander account. Mr A referred his complaint to this service.

Santander notified Mr A by letter dated 28 August 2024 that it had decided to close his account in 30 days' time. Santander agreed to send around £2,035 to Mr A's nominated external account, but would withhold around £8,050 as he hadn't provided enough evidence of entitlement as they originated from C.

Mr A has explained in detail the severe impact Santander's actions have had on him. I'd like to assure Mr A that I've very carefully reviewed everything he's said about this even if I don't expressly set-out every point here. Some of the key points Mr A has made about the impact to him are:

- He lost his sister as he couldn't pay for her surgery. He has also been incurring mortuary charges as he wasn't able to use his funds to pay for funeral costs of around \$10,000. He had to pay substantive medical costs to the hospital. Mr A's sister has left behind five young children and the responsibility for their care now falls solely on him.
- He owes over \$7,000 to the hotel as he had to stay there much longer than anticipated due to not having access to his funds. He has also incurred substantive telephone charges of at least \$2,000 with the hotel as he couldn't use his mobile to call Santander, and he had to use their taxi to get around.
- He has fallen behind with his rent and other key credit commitments in the UK as his direct debits failed due to Santander's actions. This has significantly impaired his credit file.
- He hasn't been able to pay the fees for his degree course and so has lost out on the years of study he's so far completed as the university has put him on an informal study break due to non-payment.
- His family in the UK were significantly financially and emotionally impacted as they had little income and depended on Mr A who was stuck abroad because of Santander's actions.
- He needed medication which his wife had to ship out to him.
- He has had to re-register with his professional body to work in the UK and there's significant delays with the statutory checks that need to be carried out.

C later gave Mr A the bank statements Santander had requested. Mr A says he uploaded this onto Santander's systems in September 2024. Santander informed our Investigator that it hadn't received this. But based on information they'd seen, our Investigator said Mr A had sent it in September 2024. After a further review of information our Investigator sent, Santander released the remaining funds of around £8,050 to Mr A's nominated account in October 2024.

Santander said it couldn't give a specific reason for why the second set of statements it wanted from C weren't reviewed when sent, and that this appears to have been overlooked.

Our Investigator asked Mr A for his nominated account details. They also informed Mr A that his external bank account's letter which he had sent showed it had been closed due to a fraud report. But there wasn't evidence Santander had made such a report. So, they asked Mr A for a report from CIFAS to see if an adverse fraud marker had been applied against him. Mr A's CIFAS report showed no adverse filings against him.

Our Investigator recommended Mr A's complaint be partly upheld. In summary, their key findings were:

- Santander blocked Mr A's account and asked him for information to prove his entitlement to funds fairly and in line with the obligations it must comply with.
- C was reluctant to provide their statements to Mr A and Santander but did so in

September 2024. Santander should've released the remaining funds sooner than it did when these statements were sent to it. So, Santander should pay Mr A 8% simple interest on the withheld funds from 11 September 2024 up until 22 October 2024 and pay him £500 compensation for the distress and inconvenience caused.

Santander agreed with what our Investigator said. Mr A wasn't happy with the amount of compensation our Investigator recommended. He pointed to all the costs he had incurred due because of Santander's actions. as of October 2024, Mr A added he had lost his job without any income for over five months. He also explained the impact the matter had had on his mental health and that it would take him years to recover.

Mr A explained that around £8,000 that Santander released went towards paying his rent arrears in the UK after a member of his church had paid it for his family to help them. So, he needed to pay them back.

As there was no agreement, this complaint was passed to me to decide. I asked both parties for further information. I thank Mr A for sending me sensitive documents related to his sister's passing as I can appreciate this must have been difficult for him to do.

Mr A also added that his situation was limited to him returning to the UK as the UK embassy wouldn't have been able to care for his sister's five children nor would it have provided the financial aid he needed. Mr A has also said that his church has now supported him financially and he has agreed a payment plan with the overseas hotel. Mr A says he has now returned to the UK but can't work as he needs a DBS check which elapsed as his direct debits from his Santander's account failed to his professional body. So, he must wait for the checks to be returned causing further delay to his ability to earn an income.

I will now decide this complaint.

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 Mr A 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 supporting evidence as to why it restricted Mr A's account. Having carefully considered this, I'm satisfied Santander reviewed and blocked Mr A's account in line with its obligations. I'm also satisfied Santander acted in line with

those obligations when asking Mr A for evidence of his entitlement to the funds C had sent him.

I do however understand why getting statements from C – a third-party- caused significant hesitancy on their part. On one hand I can understand C's concerns and why it may have been inappropriate for Santander to ask for his confidential information. But Santander must weigh this up against getting enough information to show Mr A was entitled to the funds.

After careful consideration and on balance, I'm persuaded Santander needed sufficient information to show Mr A's entitlement and that it didn't do anything improper by restricting the account until it did get enough evidence.

Santander agree that it should have reviewed the statements Mr A sent to it in September 2024, so it did cause undue delay on and after this point by not releasing around £8,050 it was still withholding. I agree therefore that Santander should pay 8% simple interest on the funds from that point until they were released to Mr A in October 2024.

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 of the account. The terms and conditions of the account, which Santander and Mr A had to comply with, say that it could close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Santander closed Mr A's account with 30 days' notice. But given it remained restricted, I'm satisfied this amounted to an immediate closure. Santander was aware of Mr A's vulnerable and sensitive circumstances, and why he couldn't get what it wanted from C. So, I think it shouldn't have closed the account until Mr A definitively said he couldn't get the evidence of his entitlement. But equally, Santander can't do this indefinitely. In reaching this finding I'm mindful of Santander's concerns and the information it had as part of its review.

Mr A was able to provide Santander with what it wanted a few weeks later. So, it's possible his account may not have been closed or at worst, Santander would have given him two months' notice with access to his account. Because of this, I will consider this alongside any other impact I think Santander have unfairly caused when awarding compensation.

I can understand why Mr A would want a detailed explanation of why Santander acted in the way it did. But Santander is under no obligation to do so. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Santander has provided is information we consider should be kept confidential.

Fair redress

When deciding what I think is fair compensation for the financial loss, distress and inconvenience Mr A has suffered, I must keep in mind how any failings by Santander have impacted Mr A. And in doing so, I must consider the impact only stems from Santander not reviewing and releasing Mr A's funds in September 2024 when it had enough information to conclude its review. So, to be clear, I will not be awarding Mr A any compensation for his account being blocked and how that impacted him until after 11 September 2024.

Having given this careful thought, I'm persuaded the financial difficulty Mr A found himself in would have happened as it did regardless of what Santander did. That's because around £10,000 Mr A had in his account wouldn't have covered all his costs given the critical

emergency that tragically befall him.

Mr A has said he needed to stay overseas to look after and make provision for the ongoing care of his sister's five children. And given the funeral costs themselves were, as per Mr A's admission, around \$10,000, he would always have encountered the detriment and financial difficulty he did. That means I think he would have always fallen into arrears with his rent and university fees in the UK regardless of whether Santander did what it did.

But I do think releasing the funds a month sooner would have alleviated some of the Mr A's distress and inconvenience as he would likely have settled his rent in the UK sooner. Mr A says that his direct debits failing, particularly to his professional body, caused him further detriment as he now needs to get a new DBS check and get re-registered with the professional body. But Santander didn't do anything wrong in blocking Mr A's account, so the direct debits would have failed in any case. Mr A also had other bank account to which he could've used to mitigate any impact by transferring the regular payments across to it.

I do think by releasing the funds a month sooner, it would have alleviated some of the considerable distress and inconvenience Mr A unfortunately was suffering because of the tragic and difficult circumstances he had to face. After weighing everything up, I'm persuaded £500 is fair compensation.

I won't be asking Santander to remedy Mr A's credit file in any way, nor have I seen any evidence Santander's actions impacted Mr A's relationship with any third- party bank.

Putting things right

To put things right, Santander must:

- Pay Mr A £500 compensation.
- Pay 8% simple interest on the balance in Mr A's account from 11 September 2024 up until the funds were released to him*

*If Santander considers it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr A how much it's taken off. It should also give Mr A a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons above, I have decided to uphold this complaint in part. Santander UK Plc must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 21 February 2025.

Ketan Nagla
Ombudsman