

## **The complaint**

Business F complains Santander UK Plc unfairly requested information regarding its account, and closed it without reason.

Business F is represented by Mr F.

## **What happened**

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

In early 2024 Business F's account was flagged for a Know Your Customer (KYC) review. Santander asked Mr F to complete a questionnaire, which meant providing details about the business and its activities.

Mr F raised concerns about the amount of information requested and the nature of the queries. Santander initially reviewed Mr F's concerns and responded to it in its letter dated 26 February 2024. It said that no mistake has been made in the handling of the account, and that it was asking for information to meet its KYC responsibilities. It said it asks for information to protect customers and ensure it has accurate details. Santander also referred to its regulatory duties and confirmed it complies with GDPR requirements.

Mr F remained unhappy and maintained the information requested was unnecessary, and he felt his treatment by Santander warranted compensation of £20,000. Santander sent a follow up response sent to Mr F reiterating that the information was needed to meet its regulatory duties, and that the block on the account was required. Santander confirmed the account remained open and that Mr F would need to complete a form to close the account now that funds had been moved to a new provider.

On 23 May 2024 Santander responded to Mr F's ongoing concerns – in summary it said its review had led it to find its request to be valid and correct, and that it doesn't wish to close or block customer's accounts, but that it needed to take this action if its regulatory checks couldn't be carried out.

Unhappy with the response received, Mr F referred his complaint to this service. An Investigator reviewed the complaint and in summary, made the following findings:

- Santander gave Mr F sufficient notice of closure in line with the account terms and conditions.
- Mr F believes the account was closed as it is a small business – Santander has the right to close accounts in line with the account terms, and it doesn't need to provide Mr F with the exact reasons behind its decision.
- Although Mr F may have found the questioning by Santander excessive, it was acting in line with regulatory obligations.
- The questions posed weren't outside the scope of what is necessary and appropriate in order for Santander to meet its KYC requirements.

Mr F disagreed with the review, explaining that he supplied all the information Santander requested and it still closed his account. Mr F says during the period of uncertainty he was forced to open a new account and Santander has acted unfairly.

The Investigator reviewed Mr F's points and reiterated their stance that Santander had acted reasonably in the circumstances. Unhappy with the review, Mr F asked for a review by an ombudsman.

### **What I've decided – and why**

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

Firstly, I am sorry to see Mr F has had cause for complaint. I can see he has found Santander's actions highly unacceptable. I'm very aware that I've summarised the events in this complaint in far less detail than Mr F has, 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 F and Santander have said before reaching my decision.

Having done so, I've decided to not uphold this complaint. I know Mr F feels strongly about his complaint, and I don't undervalue how challenging his dealings with Santander have been. I'll explain why.

At the heart of Mr F's complaint are his concerns around Santander's KYC and AML processes. I must highlight it is not within this service's remit to tell a business how to run their KYC and AML processes or procedures such as what questions they should ask a customer in order for them to be satisfied they are meeting their legal or regulatory requirements. It would be the role of the regulator – the Financial Conduct Authority (FCA), who have the power to instruct Santander to make changes to their policies and procedures, if necessary.

It's worth noting though that there is no set way in which the regulator requires a business to meet their KYC and AML requirements. As Mr F is aware, Santander explained its questions were in keeping with The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017. This is the overarching regulation businesses like Santander must consider but there is also FCA guidance. The FCA's current Financial Crime Guide explains firms must take steps to defend themselves against financial crime, but a variety of approaches is possible. So, each business will have their own individual procedures with respect to KYC requirements. This is to ensure each business can meet their regulatory requirements, but also have the autonomy to operate its business as it sees fit. So, whilst I've considered Mr F's general comments about Santander's approach to discharging its regulatory duties, I haven't seen anything to persuade me its processes had a detrimental impact on Mr F.

The FCA guidance also sets out requirements for ongoing monitoring and explains ongoing monitoring means scrutinising transactions to ensure that they are consistent with what the firm knows about the customer and taking steps to ensure that the firm's knowledge about the business relationship remains current. Mr F says he is a longstanding customer, so the intrusive questions weren't appropriate. However, in light of the guidance I'm persuaded that even though KYC checks may have been carried out at the account opening, Santander is required to take steps to ensure their knowledge about their relationship with Mr F remained

current, even if the account didn't show any signs of change or have activity that raised suspicion.

Mr F says Santander threatened to close the account unfairly and because it is a small business, and it hasn't provided clear reasons for why the account would close. It's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed. At times, following a review, banks sometimes choose to end their relationship with customers. This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Just the same as if Mr F decided to stop banking with Santander, he wouldn't have to explain why. In Mr F's case, Santander has confirmed the account did not close – it just informed Mr F this would be the outcome if the necessary evidence wasn't provided. I consider Santander's communication here to be reasonable, and it provided Mr F with ample opportunity to engage with the KYC process.

Mr F says Santander should issue an apology and compensate him £20,000. Mr F says the uncertainty around his account meant he switched to another provider. I understand the queries from Santander may have caused Mr F inconvenience as he had to provide information. However, as outlined above I consider the request to be fair. Mr F made the decision to switch to another provider – Santander didn't ask Mr F to do this and has made clear that the account would remain open subject to its checks being successfully completed. I appreciate Mr F's strength of feeling regarding the handling of his account, but in order for me to direct Santander to pay compensation I need to find that it has treated Mr F unfairly - but for the reasons explained above, I find Santander's decisions to be fair in meeting its legal and regulatory duties.

I know this will not be the outcome Mr F was hoping for, and he will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Santander to take any further action.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask F to accept or reject my decision before 11 July 2025.

Chandni Green  
**Ombudsman**