

The complaint

Mr E complains that Santander UK Plc will not lift the restrictions it has applied to his accounts.

Background

I recently issued my provisional conclusions setting out the events leading up to this complaint. I've reproduced my provisional findings below, which form part of this final decision.

What happened

The detailed background to this complaint is well known to both parties, so I'll provide an overview of some of the key events. In July 2023, Santander applied restrictions to Mr E's accounts because it was concerned about the transactions he was making. It blocked Mr E's current account so it could only be used to pay direct debits and standing orders. It allowed Mr E to have access to a card to be able to withdraw cash, but said larger payments needed to be discussed and supporting evidence provided in branch before they could be made. One of the bank's employees spoke to Mr E and explained the restrictions were in place because the bank was worried he was being taken advantage of.

Mr E told the bank he'd been sending money to help someone that he knows. I'll refer to Mr E's friend as G. He explained that he met G in 2015. G was part of a wider group of people that Mr E met and wanted to help because they were in need of support to access housing and benefits. During the conversations, Mr E told the bank that he helped G out with money towards their rent and that he paid for taxis for G to go to and from hospital. At one point in time, G had lived with Mr E. Mr E told the bank that he'd moved to a new area to try and get away from the situation.

Mr E explained that G doesn't have a bank account, so he pays money into accounts belonging to other people so they can pass the funds onto G. The bank's employee wasn't satisfied with what Mr E said. She was concerned about what Mr E had shared about text messages G would send him and felt G was saying things to emotionally manipulate Mr E into sending more money. The bank's employee was concerned that Mr E was going to continue sending money to G and wanted him to obtain additional support from the Police or social services. The bank pointed out that it thinks Mr E has given G over £80,000.

Mr E didn't agree. He felt the bank's restrictions were unjustified and were placing his life on hold whilst there was an unnecessary interference in his financial affairs. He said he felt he'd been left in an impossible situation with no end, highlighting that he'd spoken to the Police many times before. He said that he should be able to do what he wants with his own money. He highlighted he'd done nothing against the law and had simply given a proportion of his money away.

In its final response letter, Santander said it has taken these steps to protect Mr E and could not advise when this situation would change. Having arrived at a stalemate with the bank, Mr E referred the complaint to us.

Our Investigator upheld the complaint. She didn't think it was wrong for Santander to initially restrict Mr E's accounts in order to carry out checks. She agreed that referring Mr E to the Police was an appropriate thing to do when trying to determine if a customer is being coerced or falling victim to a scam. But she pointed out that Santander couldn't restrict the account indefinitely and highlighted the impact this situation was having on Mr E's life. She recognised the need to protect Mr E from financial harm, but also raised the increased difficulty he was having with his day-to-day banking under these arrangements, especially as his mobility problems made it harder for him to go to a branch. She highlighted that the restrictions were ineffective as Mr E has continued to give cash that he's withdrawn to G. She concluded that blocking the account indefinitely was a poor outcome and highlighted that Mr E can take responsibility for his own choices and decisions. She suggested that Santander should remove the restrictions and pay Mr E £750 compensation to recognise the distress and inconvenience that had been caused to him because of these restrictions being in place for around ten months.

Santander didn't agree. It said Mr E has access to a card on his everyday account to allow for controlled card spending, but the bank was not willing to remove the restrictions on his other accounts. As no agreement could be reached, the complaint was referred for an Ombudsman to consider.

Recent developments

Whilst the complaint has been under consideration, Santander has confirmed that Mr E is able to phone the bank and discuss payments that he wants to make if he is unable to attend a branch.

At the end of February 2025, Santander phoned Mr E to see if there were any other solutions that could be explored to help safeguard him whilst also protecting the bank's position, but no mutually agreeable way forwards could be found. Mr E told the bank he was still in touch with G. Santander felt Mr E would go on to make further payments to G if the restrictions were to be relaxed.

Santander offered Mr E £100 compensation for one instance it had identified where it had incorrectly referred him to branch when it could have discussed and then made the transaction over the phone. Mr E acknowledged the bank's offer and accepted it as a fair resolution to put right that mistake, but highlighted it didn't resolve the underlying situation about the restrictions on his accounts.

Having considered the available evidence, I wasn't minded to uphold the complaint. I shared my provisional findings and invited the parties to make further submissions if they wanted to before I made a final decision. My provisional decision is set out below:

My provisional findings

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

In broad terms, the starting position at law is that Santander is expected to process payments and withdrawals that a customer authorises it to make. But, taking into account the law, the regulator's rules and guidance, relevant codes of practice and what I consider to be good industry practice, I consider Santander should fairly and reasonably:

- *Monitor accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.*

- Have systems in place to look out for unusual transactions or other signs that might indicate that its customers are at risk of fraud (amongst other things).
- In some circumstances, irrespective of the payment channel used, take additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether to help protect customers from the possibility of financial harm. The FCA's Consumer Duty requires Santander to act to avoid foreseeable financial harm.

Whilst Santander's first obligation is to follow Mr E's payment instructions, the bank should be on the lookout for out of character account activity which can indicate financial harm. This is because Santander has extensive legal and regulatory responsibilities it must meet when providing account services to customers. To fulfil these obligations, the bank may need to review activity taking place on accounts and ask customers for further information. Santander is entitled and obliged to carry out such checks. The bank's general terms and conditions allow it to refuse a payment instruction if it suspects it relates to fraud or any other criminal act. Santander is concerned that Mr E is falling victim to financial abuse, which is recognised by the Police as a criminal offence.

Mr E considers that the bank is overstepping. He's told us he is aware of the decisions that he's making and that he can decide to do what he wishes with his own money. I recognise Mr E's sentiments here. Mr E has capacity to make decisions about his affairs so that means he can take responsibility for his own choices and decisions. But having listened to the conversation that Mr E had with Santander in July 2023, I am not persuaded that Mr E really does want to make such significant gifts to G.

From what I have heard, when Santander asked Mr E if he felt pressure from G to carry on sending the money, he replied: "Oh yeah, definitely, absolutely – erm, well, you know, I'll have texts then saying she's suicidal". It was very clear from what I heard that Mr E felt responsible for G's wellbeing. The emotion and turmoil in Mr E's voice was readily apparent. When Santander asked how long Mr E was going to be carrying on with the payments, he replied "how long is a piece of string?". Mr E told the bank that he'd moved house to try and get away from this situation, which suggests to me that Mr E did want to create some distance between them and perhaps not give G as much money, but was struggling to say no. At points during the conversation, Mr E acknowledged that he'd perhaps taken the level of support he was offering to G too far, but he was conflicted because he considered G to be a good friend that he enjoyed speaking to and spending time with.

Santander doesn't want to keep blocks on the account for longer than they are needed. But by Mr E's own version of events, there is a very real risk that he is being pressured to make payments against his true wishes. Mr E has mentioned that he's spoken to the Police about this situation on more than one occasion, and in the call recording I have listened to, he mentions that his church considered him to be vulnerable and tried to talk to him about the situation too.

Vulnerable customers are less able to represent their own interests and can be at a greater risk of harm if things go wrong. There was a period of time when Mr E was not in regular contact with G whilst they were in prison, but from what I can see, G has come to be reliant on Mr E over the years they've known each other and has made contact with him. Mr E has recently told both the bank and this service that he's still in touch with G. Against this backdrop, it's difficult to really know whether Mr E is making payments freely. From what I have seen in the bank's notes, the Police didn't take any further action because Mr E did not wish to pursue a criminal complaint, which is not the same as the Police deciding there would not be a case to answer should the matter be formally investigated.

At times Mr E has spoken with confidence and is very sure of the situation, at other times

he's indicated that he's making these payments because he feels responsibility towards G. This makes it very difficult for Santander to relax the restrictions it has put in place. When a firm has doubts about whether a consumer is acting as a result of fraud or coercion, it should assess whether it should allow the consumer to proceed. As things stand, Santander considers there is a real risk that Mr E will experience financial harm if the restrictions are removed. Santander's restrictions are trying to support Mr E to make the right choices for him and to ensure that he has control about what he really wants to do with his money.

The arrangements that are in place currently restrict Mr E's current account to direct debits and standing orders only. He has access to a card on his other Santander account which enables him to withdraw cash from a cash machine. If Mr E wishes to make larger payments or transfers, he is now able to phone the bank to discuss the intended payment.

I do recognise that these blocks are not ideal for Mr E. But in these particular circumstances, I'm satisfied they are proportionate to the current potential for foreseeable harm that Santander has identified, and that Mr E has alluded to at times when he has spoken with the bank. As a result, I don't consider that Santander has treated Mr E unfairly by applying restrictions to his account. These actions have been taken because of its concern for him and a desire to protect him from financial harm.

I know this isn't the outcome that Mr E is hoping for, but for the reasons I've outlined above, I am currently minded to conclude that Santander's restrictions are appropriate at this point in time. This means I cannot fairly and reasonably ask Santander to remove them in all the circumstances as they are currently. Although I consider that the restrictions are proportionate now, Santander will still need to keep this arrangement under regular review, and reconsider lifting the restrictions if Mr E is able to satisfy the bank that the risk of financial harm has materially reduced.

Santander has offered to pay Mr E £100 compensation for requiring him to attend a branch to make a transaction that could have been done over the phone. As Mr E has indicated that he is happy to accept this, I see no reason to interfere with this finding. I consider it an appropriate way to recognise the impact of that specific mistake.

Overall, I was provisionally minded to award Mr E the £100 compensation Santander agreed to pay for requiring him to attend a branch to make a transaction that could have been done over the phone. I was not minded to make any other order or award.

Responses to my provisional decision

Santander acknowledged receipt of the provisional decision and confirmed it had nothing further to add. Mr E didn't agree with the provisional decision and wrote a letter of appeal in response. In summary, he said these restrictions are wrong in principle and have been imposed upon him against his express will. He feels pressured to either break his friendship with G or face restrictions for an unknown period into the future.

He outlined that these arrangements are going to require long and potentially difficult phone calls with the bank, causing him indefinite distress. Mr E is scared there would be no way for him to access funds to deal with any emergency situation that could arise when the bank is closed. He's also highlighted that he wants to be able to make bank transfers to young family members for gifts from time to time, and he also wants to be able to pay his cleaner. Mr E also needs to get some work done at his property and he's explained the tradespeople need to be paid by bank transfer or cheque. Mr E is anxious about this because for some of the things he needs to buy, such as furniture, it's hard to know how exactly how much he's going to spend in advance.

Mr E has also pointed out that his money is not earning as much interest as it could do and that some of it has not been interest bearing since the restrictions were applied. He's suggested that if he were to lock some of it away in an investment or a bond, he would not have access to it in order to give it away. He's also said he's losing out due to inflation by not being able to make transactions as and when he needs to as things are a lot more expensive now than they were in 2023 when the restrictions were applied.

Mr E suggested that the bank needs to pay compensation to recognise the stress and anxiety that's been caused, as well as the general ongoing inconvenience of either having to visit the branch or make phone calls.

I put Mr E's comments to Santander, highlighting that he was making some fair points about the logistics of the arrangements. I asked the bank to consider how it can better help and support Mr E to move forwards.

Santander responded to say it had placed clear notes on Mr E's records to reduce the time he spends on the phone and provide a better overall journey when he calls going forwards. It suggested that its emergency out of hours team would be able to assist should Mr E need to make a transaction outside of typical opening hours. From a day-to-day banking perspective, Santander is happy to arrange transfers to Mr E's family members over the phone and can put a standing order in place if he is looking to make a regular, fixed payment to his cleaner.

Santander is also happy to discuss any larger transactions that Mr E wants to make and has confirmed it will facilitate any transfer requests that do not carry any scam/financial abuse concerns. This means that Mr E should be able to pay tradespeople and buy the furniture that he wishes. It also means that Mr E should be able to move his money into an account that is interest bearing.

Santander confirmed that it would be happy to discuss opening new accounts for Mr E's savings over the phone as an exception. The bank has also offered for a colleague to reach out to Mr E and discuss the savings products it currently has should he wish to open new savings accounts with Santander.

As both parties have now considered my provisional decision and responded, I must go on to make my final decision.

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.

I've considered carefully what Mr E has said in response to my provisional decision. I appreciate his frustration at the overall situation. I know my position is going to be very disappointing to him. But it remains the case that Santander must assess all payment requests from a detached position and with their regulatory obligations in mind.

The financial regulator, the Financial Conduct Authority, has introduced higher and clearer standards of consumer protection. The regulator requires Santander to be alert to the possibility of coercion in order to reduce foreseeable harm to its account holders.

From what Mr E has told us, he feels he has limited choice about whether he gives G money. He's talked about the bank's restrictions costing him more as he's had to pay for taxis for G to come and collect cash from him instead of being able to transfer it. I cannot disregard that Mr E has continued to find a way to give G money and that there's a strong

possibility that he would look to give G more money in the future because he feels responsible for his friend's wellbeing.

As things stand, Santander considers there is a real risk that Mr E will experience significant financial harm if the restrictions are removed. Santander's restrictions are trying to support Mr E to make the right choices for him and to ensure that he has control about what he really wants to do with his money.

Having considered matters afresh, I remain of the position that Santander's restrictions are currently proportionate to the risk of financial harm in all the circumstances as they are now. As I don't think Santander has acted incorrectly or treated Mr E unfairly by introducing restrictions, I am unable to fairly say that Santander should have to pay compensation to Mr E for the impact these arrangements have had.

Going forwards, Santander must find a balance between protecting Mr E without causing unnecessary distress and inconvenience. I readily accept that these arrangements are not ideal for Mr E. But I feel some inconvenience is unfortunately a necessary consequence of modern banking practices and the obligations on Santander to have systems and processes in place to protect their account holders' money.

Santander has outlined what it can do to help support Mr E to make the payments he needs to make, and I think these proposals strike an appropriate balance in all the circumstances as they are now. Mr E is still able to make the transactions he needs to make whilst being protected from making significant payments to G in situations where he feels unable to say no. Mr E is still able to put funds into his ISA and open other savings accounts as he wishes.

Santander is aware that it will still need to keep this arrangement under regular review, and reconsider lifting the restrictions if Mr E is able to satisfy the bank that the risk of financial harm has materially reduced.

My final decision

My final decision is that I uphold this complaint, in so far as Santander UK Plc should now pay Mr E the £100 compensation it offered for requiring him to attend a branch to make a transaction that could have been done over the phone if it has not already done so. I make no other order or award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 6 May 2025.

Claire Marsh
Ombudsman