DRN-5505465

Financial Ombudsman Service

The complaint

Mr M and Mrs M complain Santander UK Plc unfairly closed their account and provided poor service.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr M and Mrs M held accounts with Santander – this complaint primarily focuses on their personal accounts. In late 2023 Santander conducted a Know Your Customer (KYC) review of Mr M and Mrs M's holdings. This process included obtaining further information from both Mr M and Mrs M.

Mr M raised a formal complaint about the process, explaining they had been contacted multiples times, which was unnecessary and excessive. Mr M claimed the poor record keeping and communication by Santander meant the customer journey was poor, and the frequency of the contact from Santander felt like harassment. Mr M felt the information demanded overreached any money laundering requirements.

Mr M received a response from Santander in December 2023, which explained that Mr M and Mrs M had received a call back as requested and the queries it had were necessary due to KYC regulation, and they could find more information regarding this on the Financial Conduct Authority's website.

Mr M reiterated his concerns with Santander, and it conducted another review. In its letter dated 10 January 2024 Santander accepted the customer journey Mr M and Mrs M had been on wasn't smooth and it apologised for its shortcomings. Mr M and Mrs M were offered £50 in compensation for their experience. At the end of January 2024 Santander issued notice to Mr M and Mrs M of its decision to close their accounts, and they had two months to make alternative banking arrangements.

Mr M remained unhappy, and its additional response from April 2024 Santander explained that although the queries seemed intrusive, they were necessary in order for it to meet its legal and regulatory requirements. It explained the decision to close Mr M and Mrs M's accounts was due to the provision of all the information it required, and it wasn't able to change its position.

Unhappy with Santander's response Mr M and Mrs M referred their complaint to this service. An Investigator reviewed Mr M and Mrs M's concerns, and in summary, made the following findings:

- Santander isn't under an obligation to continue offering accounts to Mrs M and Mr M.
- Our service doesn't supervise or regulate businesses, and it is for Santander to implement a KYC process that it deems appropriate.
- Financial crime legislation and money laundering regulations mean Santander is obliged to carry out the checks it did.

- Santander hasn't treated Mr M and Mrs M unfairly in deciding to close their accounts.
- Santander has returned the necessary funds to Mr M and Mrs M and doesn't need to take further action.

Mr M disagreed with the review and raised several points regarding the handling of the accounts by Santander. As no agreement was reached, the complaint was referred to me – an ombudsman – for a 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.

Firstly, I am sorry to see Mr M and Mrs M have had cause for complaint. I can see they have found Santander's actions highly unacceptable. Mr M has made detailed submissions, and I'd like to reassure Mr M and Mrs M that I've considered the whole file and what's they've said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

At the heart of Mr M'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 M is aware, Santander explained its questions were in keeping with updated legislation surrounding money laundering. There are various pieces of 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 M's general comments about Santander's approach to discharging its regulatory duties, I haven't seen anything to persuade me its processes went beyond what was it was obliged to do.

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 M says he and Mrs M are longstanding customers, so the intrusive questions weren't appropriate, and he shouldn't have to provide personal information, such as tax details. 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 M and Mrs M remained current, even if the account didn't show any signs of change or have activity that raised suspicion. Further income and tax details have a direct relation to account activity and source of funds, so I don't consider Santander's request for details involving this to be unnecessary.

Mr M says Santander's decision to close the account is unfair. It is 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 M and Mrs M decided to stop banking with Santander, he wouldn't have to explain why. In Mr M and Mrs M's case the accounts closed as Santander couldn't complete their KYC checks. Looking at the timeline of events I can see Santander provided Mr M ample opportunity to provide the details requested, and I consider its requests to be fair.

Mr M has also raised specific concerns regarding the customer service he received from Santander – and he has highlighted several issues with the security in place and nature of the questions posed. For example, Mr M says when contacted by phone the Santander staff wouldn't identify themselves, and explain why they were calling, and this is at odds with its guidance about scams and sharing personal details. I understand Mr M's frustration with his experience, and I can see that Santander has taken on board his comments and given feedback to the relevant departments. I consider this an appropriate response, and don't think Santander needs to take any further action regarding these issues.

The KYC process involved multiple calls between Mr M and Santander – and Santander accepts there were instances when the service provided should've been better. It has apologised for this and offered compensation of £50. My review has highlighted that the several accounts held by Mr M and Mrs M – in both a personal and business capacity has further complicated the KYC and complaint process. Mr M's concerns have also been looked at under different complaint and account references and this had added further confusion to matters.

Santander has been asked to clarify some issues regarding the handling of the accounts at closure – and it has confirmed that the £50 has been paid to the business account held by Mr M and Mrs M. I understand Mr M says he hasn't received the £50 payment, but Santander has provided details of transactions from the business account which show the incoming payment. Mr M also claims the balance in his business account has been returned via cheque, but he is unable to cash them. As the funds were from a business account, I consider it reasonable for Santander to issue a cheque to the business as this is legal owner of the funds. Mr M would need to cash the cheque in an existing business account or open a new one. Mr M has also received the credit balance for the credit card account – this was closed in May 2025 and the cheque issued in Mr M's personal name so this can be paid into any other account held by Mr M.

I appreciate these matters have added to what was already a stressful time for Mr M and Mrs M, but I'm satisfied Santander has taken steps to appropriately address the issues Mr M has raised and return the necessary funds. I understand Mr M's strength of feeling regarding the handling of his account, but in order for me to direct Santander to pay further compensation or take further action I need to find that it has treated Mr M and Mrs M 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 M and Mrs M were hoping for, and they 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 Mrs M and Mr M to accept or reject my decision before 8 September 2025.

Chandni Green
Ombudsman