

The complaint

Ms D is unhappy how Santander UK Plc communicated with her about activity on her account. She wants compensation for the trouble and upset this caused.

What happened

Ms D had a business bank account with Santander.

In July 2024, Santander reviewed Ms D's account as part of its Know your Customer (KYC) process.

As part of its review Santander identified six payments that had been made into Ms D's account in 2023 and 2024, that it wanted to know more about. So, it wrote to Ms D and asked her to get in touch with them before 6 August 2024. The letter warned Ms D that if she didn't get in touch and provide the information it would restrict her account.

Ms D contacted Santander and asked them to provide details of the transactions to help her identify what information Santander wanted. Unfortunately, Santander didn't provide Ms D with much detail – it told her the payments amounted to just over £2,700 and had been received from Lithuania. Ms D was puzzled and said she didn't know anyone from this country and asked for more specific information about the transactions, but Santander didn't provide anything.

Ms D looked at her bank account statements but couldn't identify any transactions from Lithuania. She was worried that Santander would close her account, so she made several phone calls to Santander to try and resolve things during July and August 2024. Each time she asked Santander for details of the transactions. But Santander didn't provide any dates or amounts of the transactions.

Ms D complained to Santander. She said she was very worried and lost sleep. She explained that she is a single parent and if Santander blocked her account she wouldn't have been able to provide for her family and pay essential bills. Ms D told Santander that the stress of the situation impacted her ability to work and interact with her family.

Ms D also said that Santander were difficult to communicate with. They provided no option for written two-way communication such as secure messaging and this would have been helpful for relaying data. Most communication was over the phone, and it required her to have a pen and paper to hand to write down the pertinent facts such as the date when the alleged transactions started and finished. She asked for written two-way correspondence, other than letter, on a number of occasions but she said Santander ignored this. And that all phone calls took around 20-30 minutes as they took her through security and then kept putting her on hold for long periods of time to speak to colleagues. Overall Ms D said the whole experience was shambolic and that Santander treated her as if she was a money launderer, which was very upsetting.

In response, Santander said it hadn't done anything wrong when it had asked Ms D for

information. And had done so to comply with its legal and regulatory obligations. Santander accepted that its service fell short in how it communicated with Ms D. It recognised that it should have given Ms D clearer information about the transactions. And that this had caused her trouble and upset. Santander apologised and paid Ms D £75 compensation.

Ms D remained unhappy and brought her complaint to our service where one of our investigators looked into what had happened. She said she wanted more compensation.

After Ms D's complaint to us, Santander offered to pay Ms D an additional £200 compensation. But Ms D maintained this still wasn't enough.

The investigator reviewed all the evidence and said Santander should have given Ms D more information during its review process. But they said that Santander's offer of a total of £275 was fair. So, he didn't think Santander needed to do anything more to put things right.

Ms D disagreed with the investigator's view and asked for an ombudsman to review her complaint. She said she was so concerned she'd lose access to her account that she opened a new account, moved her money out of her account and rearranged all her direct debits. So, she says she was put to a lot of trouble and wants more compensation.

As no agreement could be reached the matter has come to me to decide.

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'm very aware that I've summarised Ms D's complaint points. And I'm not going to respond to every single point made by her. No discourtesy is intended by me in taking this approach. Instead, I've focused 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 point to be able to reach what I think is a fair outcome.

As the investigator has already explained, Santander has extensive legal and regulatory responsibilities they must meet when providing account services to customers. Santander asked Ms D to provide information about some activity on her account because Santander are obliged to adhere to the regulator – the Financial Conduct Authority (FCA), Know Your Customer (KYC) responsibilities.

Santander is entitled and obliged to carry out such checks. This applies to both new and existing customers regardless of how many years a customer may have banked with Santander. The terms of Ms D's account also permit Santander to review an account and ask a customer for information.

I appreciate that Ms D may have felt some concern about Santander's request. Especially as Santander warned her it may block her account if she didn't provide the information. But as Santander requested this information from Ms D to ensure it complies with the regulator's KYC responsibilities, I can't reasonably say that Santander was acting unfairly or unreasonably in asking Ms D for the information that it did. I've also kept in mind that during the review Ms D had full access to her account, and it remained unblocked.

Santander has accepted it made a mistake in not providing Ms D enough information to

Ms D during its review process. I've looked at the communications between Ms D and I'm satisfied that Santander should have been much clearer about which transactions it wanted Ms D to provide. I say this because Santander didn't give Ms D any specific information. Instead, it lumped the transactions into a total amount and gave her a broad date range spanning more than a year. It's no wonder Ms D was confused. Ms D also had to spend time, going through her bank statements trying to work out which transactions Santander were interested in. So, based on this I'm satisfied that Santander has made an error and in doing so haven't treated Ms D fairly. To put things right Santander has offered Ms D an extra £200 compensation, in addition to the £75 it has already paid.

Ms D says this isn't enough. I understand that these issues have proved frustrating, upsetting and disappointing for Ms D to have encountered. I'm pleased to see that Santander eventually recognised the impact of this on Ms D, it apologised and offered to pay Ms D a total of £275 by way of compensation. Ms D says this isn't enough. She said she lost a day's work. She wants at least £500.

I recognise that Santander should have done better in the first place. But, the fact is, things went wrong, and that impacted on Ms D through no fault of her own. This is not the level of service Ms D would reasonably have expected to receive.

It's rarely straightforward to decide what represents an appropriate level of compensation for non-financial loss given its inherently subjective nature. Ms D, and no-one else, experienced these problems. I assure her I'm mindful of that.

This said, I've taken account of this service's general approach to compensation for distress and inconvenience as set out on our website. I've thought about this approach in light of the errors Santander made and the impact on Ms D.

Ms D wants Santander to compensate her for a day's lost work. I should explain that we don't usually award compensation on the basis of a complainant's usual business or professional hourly rate. That's not because we think a complainant's time has no value. But basing compensation on a person's business or professional hourly rate could suggest one person's free time is worth more than another person's free time. And it might not reflect the true impact of the error on the complainant.

Ms D can charge her clients for her professional or business expertise at an hourly rate. But Ms D wasn't providing a business or professional service to Santander. And she hasn't provided any evidence that contacting Santander meant she was unable to carry out her usual work.

Whilst I have sympathy with Ms D about how Santander's poor communication impacted her and can understand that she was worried about her account being closed, I'm satisfied that Santander took Ms D's personal circumstances into account when deciding what it was willing to offer to put things right. and I consider its most recent offer in this case to be fair.

Overall, I'm persuaded that Santander caused Ms D loss to the extent that it was fair to have offered her compensation for distress and inconvenience. I think a total of £275 (which includes the £75 already paid) in compensation is fair taking all the circumstances into account, including the mistakes Santander made and their impact on Ms D. So, I won't be asking Santander to increase this amount.

Finally, Ms D is also unhappy with how Santander communicated with her. In particular she says she doesn't understand why the bank didn't use a two-way secure messaging system to communicate with her about what information it wanted her to provide. Instead, it sent her letters, and she had to speak on the phone, which meant she had to write everything down.

I can appreciate that not being able to use an online system and having to pick up the phone to Santander was frustrating for Ms D. But we are not the regulator of firms – so we can't tell them how to run their businesses, or how to design or implement their processes. Santander communicates with its customers via phone and letter when completing its KYC processes - that's how it runs its business – and we can't interfere with its commercial decisions. So, I can't say Santander have done anything wrong in how it chose to communicate with Ms D.

My final decision

Santander UK Plc has already made an offer to pay a £200 (in addition to the £75) it has already paid) to settle the complaint and I think this offer is fair in all the circumstances. So, my decision is that Santander UK Plc should pay £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 8 July 2025.

Sharon Kerrison
Ombudsman