

The complaint

Mr C complains that Santander UK Plc blocked and withheld a payment into his account.

What happened

Mr C had an account with Santander. In 2024, Mr C's employer arranged for a third party to pay around £65,000 into his account. He says that this was outstanding salary arrears. But Mr C's employer had been working for someone who'd been designated under the UK's sanctions regime. Santander said it couldn't allow the payment. It has also closed the account. Dissatisfied, Mr C complained to Santander and referred the complaint to us.

Our investigator looked at things and didn't think it should be upheld.

Mr C doesn't agree. The complaint has been referred 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 don't uphold the complaint. I'll explain why.

Santander, like all financial businesses, is subject to legal and regulatory obligations aimed at preventing financial crime. It is also subject to the UK's sanctions regime. This means it has to put in place systems and controls to mitigate the risk that it will violate financial sanctions. These measures are risk based and depend on the risk appetite of the individual financial institution. Santander's risk appetite is a matter for its own commercial discretion. The main question for me is whether Santander was acting in line with its legal and regulatory obligations when it blocked this payment, and if Santander has acted unfairly in any other respect.

Mr C's employer had provided services to an individual who was designated under sanctions regulations imposed following Russia's invasion of Ukraine. The designated person is subject to an assets freeze, and the payment in question came from a third party connected to that designated person. The relevant sanctions regulations prohibit a wide range of transactions involving designated persons. With this in mind, I don't find it surprising that Santander needed to review this payment. I'm satisfied Santander was acting in line with its legal and regulatory obligations when it carried out this review. I'm also satisfied that Santander was acting in accordance with applicable terms and conditions it decided to close Mr C's account.

The funds, however, remain blocked. I've thought about this. Mr C says Santander can release the funds as he has a licence from HM Treasury's Office of Financial Sanctions Implementation (OFSI). Santander, however, says it has decided it needs to apply for a further licence before it can move the funds. We've asked Santander for more information about why it has done this. It has submitted information in confidence. Our rules allow me to accept information in confidence. I'm satisfied some of this information is sensitive and

cannot be shared with Mr C. Given the arrangement Mr C has described and the information I've seen from both Mr C and Santander, I'm satisfied Santander is acting in line with its legal and regulatory obligations in stopping these funds.

Santander says it has applied for a new licence from OFSI, and based on what I've seen, I'm satisfied Santander has periodically requested updates from OFSI. I cannot hold Santander responsible for delays while its waiting for a response from third parties. I appreciate Mr C has had to wait some time to receive these funds. But I cannot say this is owing to a failing or omission on the part of Santander. Santander should update Mr C if the position changes.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 17 November 2025.

Rebecca Hardman
Ombudsman