

The complaint

Mr and Mrs K complain Santander UK Plc unfairly decided to close their current and savings accounts and failed to provide their reasons. They want £10,000 compensation for the distress and inconvenience they were caused.

What happened

Mr and Mrs K are long standing customers of Santander and held a joint current account and savings account with them. They hold two other investment accounts, which are not the subject matter of this complaint.

In May 2024 Santander reviewed its relationship with Mr and Mrs K and decided to close both their current account and savings account. They sent out a notice to close letter in May 2024 which gave them two months before the accounts were to close, but the letter was sent to their old address in the United Kingdom. Mr and Mrs K currently reside in a country outside of the United Kingdom.

In early July 2024 Santander placed a block on Mr and Mrs K's accounts because the notice period expired, and they were still holding account funds. Mr and Mrs K noticed the block after a rental payment bounced back to their agent. While the block was in place two pension payments also bounced back to source.

Mr and Mrs K contacted Santander multiple times by email and phone to find out why their account was being closed, to arrange a transfer to a new account they opened, and to complain.

On 23 August 2024 Santander transferred both account balances to a new account Mr and Mrs K had opened.

Santander sent Mr and Mrs K two final response letters. In the first letter they said they made an error by sending the notice to close to the wrong address, but they couldn't reveal further information about why their accounts were closed.

In their second letter which was prompted by Mr and Mrs K complaining to the office of the CEO of Santander, they apologised for the poor customer service they received and offered them £300. They also revealed the reason their accounts were closed was because the country where Mr and Mrs K live is considered high risk from a financial crime perspective and maintaining the accounts would require enhanced customer due diligence measures. As Mr and Mrs K didn't have a definitive date when they would return to live in the UK, they fell outside their risk appetite.

Mr and Mrs K brought their complaint to our service. Our investigator upheld their complaint. They said:

- Santander's reason for closing the accounts was fair.
- Santander hadn't provided the correct notice to Mr and Mrs K when closing their

accounts. They should pay them 8% simple interest calculated annually from 3 July 2024 to 23 August 2024 on the balance of the current account to reflect the time Mr and Mrs K didn't have access to their funds.

- They weren't awarding interest on the funds in the savings account as the savings rate still accrued on those funds and was paid to Mr and Mrs K when the balance was sent to them.
- The £300 Santander offered and paid to Mr and Mrs K was fair and reasonable to compensate them for the poor customer service they received, including the number of calls that they made.

Santander agreed to pay redress in line with what our investigator recommended. Mr and Mrs K remained unhappy and believe they should receive much more compensation. They asked for a final decision from an ombudsman, so their complaint has been given 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've decided to uphold Mr and Mrs K's complaint, but I am not directing Santander to pay more compensation than that recommended by our investigator.

I find Santander could have revealed their reason for closing Mr and Mrs K's accounts sooner than they did. They decided not to provide accounts to customers who live in the country where Mr and Mrs K live – a decision they are entitled to make in relation to their risk appetite regarding specific countries and their legal and regulatory obligations. But I don't see why this information couldn't have been provided earlier given it was freely relayed in the response Mr and Mrs K received after escalating their complaint higher within Santander. I understand why Mr and Mrs K find this concerning.

I find Santander failed to properly inform Mr and Mrs K that their accounts were to close. They decided to close the accounts because Mr and Mrs K lived in a country they consider high risk but then proceeded to send a letter to their previous residential address in the United Kingdom.

Santander say as the country where Mr and Mrs K live has postal problems that even if they had sent the letter to the correct address Mr and Mrs K might not have received it. But Santander should pay due regard to the interests of customers and treat them fairly. Given the importance of providing notice to close to customers living abroad, I would have expected them as a matter of good industry practice to have tried to notify Mr and Mrs K by more than one method such as online banking, email or phone – even if just to notify them that important information regarding their accounts had been sent to them. This is particularly the case given the amount of money Mr and Mrs K held in both accounts and because the current account was relatively active.

Had Santander contacted Mr and Mrs K by other means, I have seen no reason to doubt they would have discovered their accounts were to close before the notice period expired. I am satisfied this would have potentially allowed them to have opened another bank account and transferred their funds at least by 3 July 2024 – the date when the accounts were meant to close.

I find Santander should compensate Mr and Mrs K for not having use of the funds in their current account between 3 July 2024 and 23 August 2024, when the funds credited the bank account they opened. I don't find Santander need to compensate them for loss of use of the funds in their savings account. I say this because the savings account appears to have been used to accrue interest on the balance, and Santander applied interest on the account prior to the balance being transferred out.

Mr and Mrs K want compensation to the sum of £10,000. But while I appreciate the depth of their feeling on this matter, I consider this amount disproportionate and punitive in relation to the circumstances of their complaint. My role when considering compensation isn't to award sums to punish a firm for an error. Instead, it's to award an amount I find reasonable in the circumstances of each individual complaint, considering the nature of the failing and the impact it has had.

There was substantive communication between Santander and Mr and Mrs K, and a large part of this was likely because they were concerned about not having access to their life savings, and they were trying to get their funds transferred to another account as quickly as they could. However, I still think it's likely there would have been some robust communication with Santander even if they received the notice to close in good time because they were unhappy their accounts closing.

I appreciate what Mr and Mrs K have said about the costs they incurred and how their wellbeing was impacted. But on balance I find £300 recognises the considerable effort they went to and the impact that had on them, including potential costs. I don't require Santander to pay them more than the £300 they have already paid.

Putting things right

I require Santander UK Plc to pay Mr and Mrs K simple interest at 8% a year calculated on the balance of their current account from 3 July 2024 to 23 August 2024. If Santander considers that they are required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr and Mrs K how much they have taken off. They should also give Mr and Mrs K a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My decision is I uphold Mr and Mrs K's complaint. Subject to Mr and Mrs K accepting my decision before 18 July 2025, Santander UK Plc must pay them compensation according to my direction above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs K to accept or reject my decision before 18 July 2025.

Liam King
Ombudsman