

The complaint

Mr and Mrs H complain that Santander UK Plc closed their bank account.

What happened

Mr and Mrs H had an account with Santander. But in March 2025, Santander decided to close the account. It says it did this because Mr and Mrs H were permanently resident overseas in a high risk country. After Mr and Mrs H complained about this, Santander reviewed the decision and decided to reverse its decision. Mr and Mrs H, meanwhile, were concerned this might happen again, and so opened an account with another provider.

To put things right, Santander offered to pay Mr and Mrs H £200 to reflect their poor experience. Mr and Mrs H think they should get more – and referred the complaint to us. Our investigator looked at this and thought the £200 was a fair resolution to Mr and Mrs H's complaint. Mr and Mrs H disagreed – among other things, they say they weren't given notice before the account was closed, and that everything caused an enormous amount of stress and worry.

As the investigator couldn't resolve matters informally, the complaint has been passed 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.

Based on everything I've seen, I think the £200 Santander has offered is fair. I'll explain why.

Santander, like all financial businesses, is subject to important legal and regulatory requirements aimed at combatting financial crime. The regulations state that risk factors include the countries in which Santander operates – and require Santander to apply enhanced checks and ongoing monitoring on customers based in high-risk third countries. In practical terms, this means Santander may need to restrict accounts where accountholders are based in high-risk third countries, and may decide to close such accounts. Santander has the commercial discretion to decide who it has as customers – I need to consider whether this was in line with the applicable terms and conditions, and was fair.

I note that the terms and conditions that applied to the account state that Mr and Mrs H needed to be a UK resident to have an account with Santander – and the terms say that from time to time Santander can check whether they still meet these requirements. The terms also allow Santander to close accounts at any time by giving at least 2 months' notice. In some cases Santander could close accounts immediately. Here, Santander said it gave Mr and Mrs H two months' notice. But it placed restrictions on the account which meant Mr and Mrs H could no longer make or receive payments – and some payments into the account were reversed. In practical terms Mr and Mrs H lost use of the account immediately. I've thought about what this means for Mr and Mrs H's complaint.

Based on what I've seen, I accept that Santander was acting in line with its legal and regulatory obligations when it reviewed Mr and Mrs H's account: Mr and Mrs H were permanently resident overseas and the country they lived in had subsequently been added to a list of high risk third countries by HM Treasury. That said, I note that once Santander had an opportunity to review things, after Mr and Mrs H complained, it concluded that it could keep the account open. Santander accepts it could have explained things better. It has offered £200 to reflect the distress and inconvenience its actions caused. Based on what Mr and Mrs H and Santander have said I agree the complaint should be upheld. So the main question I need to decide is whether £200 is fair compensation in the circumstances of Mr and Mrs H's complaint.

Our general approach to compensation for distress and inconvenience set out on our website – and I've also taken this into account when looking at Mr and Mrs H's complaint.

Where I decide or a business agrees that a complaint about the closure of an account should be upheld, the compensation I'd recommend isn't intended to punish the business but to reflect the impact of the business's actions. While I acknowledge what Mr and Mrs H have said about Santander's compliance with the relevant regulator's rules and guidelines – which I've taken into account when deciding whether Santander did something wrong – the main thing I need to consider is what actually happened to Mr and Mrs H.

I accept that losing access to the account would have been very stressful. Mr and Mrs H have described how this caused them constant anguish and sleepless nights. I have every sympathy for Mr and Mrs H and don't doubt they've had a difficult time. Given Santander ultimately decided it would allow Mr and Mrs H to keep the account, I think it's likely some of this stress could have been avoided – though I can't say Santander wouldn't have carried out a review..

That said, I can see Santander took steps to lessen the impact of the closure on Mr and Mrs H. During a call on 31 March 2025, a representative of Santander offered to help transfer funds to Mr and Mrs H's account overseas. Mr and Mrs H didn't go ahead with this at this time because they said they wanted to consider their actions. Santander then decided to keep the account open – but Mr and Mrs H had instead decided to open an account elsewhere.

I further note that Mr and Mrs H have said they had help from family to meet their day-to-day financial commitments while they were arranging to open a new account. This would also have lessened the impact of Santander's actions. I appreciate that in other circumstances Mr and Mrs H might have experienced more severe financial difficulties if they couldn't access their pensions. But in considering any reward, I must consider what actually happened, not what might have happened. In any case, I'd expect Mr and Mrs H to take reasonable steps to mitigate the impact of Santander's actions.

Thinking about all of this, I accept that Santander might have done things better. Santander's actions took Mr and Mrs H a reasonable effort to sort out and the impact lasted a few weeks. With all this in mind I'm satisfied that £200 is fair compensation in the circumstances of Mr and Mrs H's complaint.

I've considered Mr and Mrs H's further comments. They think £200 doesn't reflect the impact of Santander's actions. I'm satisfied, however, that this is fair given what they've said about the impact of Santander's actions on them. I appreciate Mr and Mrs H had had difficulties with their account in the past, and received more compensation, but that was a separate complaint and doesn't affect what I consider fair compensation in the circumstances of this complaint. This doesn't change my conclusion.

My final decision

For the reasons above, my final decision is that Santander UK Plc has offered fair compensation for the service Mr and Mrs H received. It should pay this if it hasn't already. I make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 17 February 2026.

Rebecca Hardman
Ombudsman