

The complaint

Miss K complains Santander UK Plc ('Santander') blocked access to her accounts and closed them. She's also unhappy with the overall service she received from Santander throughout her complaint with it.

Miss K says Santander's actions caused her significant distress and inconvenience, and financial loss. To put things right, Miss K wants Santander to pay her at least £5,000 in compensation.

What happened

The details of this complaint are well known by both parties, so I won't repeat them again here in detail. Instead, I'll focus on setting out some of the key facts and on giving my reasons for my decision.

In October 2023, Santander decided to close Miss K's accounts. Santander wrote to Miss K to confirm her accounts were to be closed but Miss K says she didn't receive the letter until the end of November 2023 – after she chased the matter up with Santander several times.

Miss K had also recently opened a savings account, and she received a letter in October 2023 stating the account was to be closed. Miss K says she wasn't provided with the reason for Santander's decision and whilst her accounts were blocked, she made several visits to a Santander branch, which caused her significant difficulties due to several health conditions she had.

Miss K says she was treated unfairly, and Santander didn't discuss its decision to close her accounts before it informed her that it planned to do so.

Following Miss K's initial complaint to Santander regarding the account closure and service issues, it responded and said it reserved the right to withdraw banking facilities at any time and informed Miss K, it may be beneficial for her to obtain her credit report or a subject access report from CIFAS.

Santander said it would reconsider its decision if Miss K was able to provide any additional information. Santander also credited Miss K's account with £150 compensation for the lack of communication she had received during its investigation. And for the considerable amount of time Miss K had spent on phone calls to Santander. Miss K later realised that her complaint had been closed which she was unhappy about as she hadn't agreed for this to happen.

Miss K approached CIFAS and found that incorrect information had been registered against her by a third party institution. Miss K informed Santander of this on 24 October when she went to a branch, but she maintains she was told her accounts were still going to be closed. So, Miss K withdrew funds from her savings account and transferred them to her accounts with other banks. Miss K was also unhappy regarding the amount of time she spent in a Santander branch on 24 October as she spent several hours there discussing the matter with staff.

After reviewing the information provided by Miss K, Santander decided to reverse its decision to close her accounts the following day, on 25 October 2023. Santander says it informed Miss K her accounts were to remain open, but Miss K says she didn't receive any communication from Santander informing her of this.

Santander says it lifted the blocks on Miss K's accounts on 25 October but reapplied a block to her current account at the end of October in error. Miss K attempted to use her debit card to withdraw funds but was unable to do so. Miss K contacted Santander about this and said she spent lengthy calls with it discussing the matter. Miss K was initially misinformed that a new card and PIN would need to be sent out to her, but Santander later removed the block from her debit card and Miss K says she was able to use it again on 6 November 2023.

Miss K complained to Santander because she remained unhappy with the situation. Another final response was issued and in summary Santander said:

- The initial decision to withdraw Miss K's banking facilities and restrict her accounts was because it had acted on information that was available at the time
- Following Miss K's appeal regarding the decision, it was overturned, and Miss K was welcome to continue banking with Santander
- The service Miss K received wasn't at the level Santander aimed to provide
- Miss K hadn't been made aware of how to access funds in her account when the investigation began, and this had resulted in Miss K having to make numerous phone calls and branch visits
- Having listened to calls between Miss K and Santander, Miss K was provided with misinformation regarding the status of her account, the reissue of her debit card and there were calls promised that weren't returned
- Santander offered an apology and credited Miss K's account with £250 compensation in recognition of the distress and inconvenience caused by the situation

Miss K's accounts were closed at the end of November 2023, upon her request and Miss K says she believed Santander wouldn't allow her to continue to bank with it which is why she closed them.

Miss K subsequently referred her complaint to our service. She described the impact the situation had on her. In summary, she said:

- Her health had been detrimentally impacted, and she had been caused a significant amount of distress and inconvenience
- Miss K planned to do a kitchen renovation which she hadn't been able to pay for because her account was blocked
- She hadn't been able to invest funds as planned, due to the account block nor had she been able to switch suppliers and direct debits for utility providers. Miss K says she also received two hard searches on her credit file due to this
- Miss K used one of her credit cards to pay for day-to-day expenditure whilst her

accounts were blocked, which caused her additional inconvenience

- Santander had been ruthless, insensitive, and treated her like a criminal
- Miss K lost out on interest Santander should've paid on her savings accounts because she says she was informed she needed to withdraw the funds and did so on 24 October 2023
- She mentioned that according to guidance from CIFAS, a CIFAS member that received a CIFAS warning from the system is not automatically allowed to reject an application or close a facility due to the warning. So she didn't think Santander had acted fairly

One of our Investigators looked into things and decided to partially uphold the complaint. In summary, they said:

- Santander had conducted a review of Miss K's account and was complying with its legal and regulatory obligations in doing so. Whilst the CIFAS guidance Miss K mentioned was considered, Santander hadn't acted unfairly or outside of its obligations. Nor had it caused any undue delays in its review of Miss K's accounts
- Santander hadn't made it clear to Miss K how to access her funds whilst her accounts were blocked. And it hadn't shown why it was necessary not to allow her access to her funds during this time. This had caused Miss K a significant amount of distress and it was recommended Santander should pay 8% simple interest on the funds in her current account for the period it was blocked – which Santander agreed to
- It was reasonable for Santander to review the additional information Miss K provided regarding the removal of the CIFAS marker on 24 October. Whilst the evidence indicated Miss K was told the decision regarding the closure of the accounts would remain the same on 24 October, Santander hadn't yet reviewed the new information Miss K had provided and the decision to close her accounts was overturned the following day
- Santander had paid interest on Miss K's savings accounts until they were closed
- There wasn't any evidence to suggest Santander's actions had prevented Miss K from renovating her kitchen or being declined for credit
- The two hard searches on Miss K's credit file were due to Miss K applying for accounts to utility providers and one of the searches was recorded prior to when Santander blocked Miss K's accounts. Therefore, Santander hadn't impacted Miss K's ability to switch utility suppliers or find a more competitive deal
- Whilst Miss K hadn't planned on using her credit card over the period her account was blocked and it had caused inconvenience, she wasn't charged any interest as Miss K had paid off the balance in full
- Santander had fallen short on a number of occasions regarding the service provided to Miss K. It had awarded £400 compensation in recognition of this, which was fair and reasonable in the circumstances.

Miss K disagreed with what the Investigator said and in short, she said:

- After the blocks were removed from her debit cards, she still couldn't withdraw her funds on several occasions, and she encountered difficulties when phoning Santander to resolve the issue
- She had been a victim of fraud in the past, which Santander ought to have known. And as a result, it should have treated her more sensitively and with extra care
- The funds in the savings account were withdrawn because Miss K was told Santander wouldn't reverse its decision to close her accounts and she was never informed it hadn't decided to close them
- Her complaint had been closed by Santander without her permission and it hadn't communicated that her direct debits would still be paid
- She was forced to use her credit card to cover day to day expenditure and Santander ought to compensate Miss K for putting her in a position where she had to use it against her will
- The compensation Santander had paid so far and the additional interest on the current account balance wasn't enough to recognise the impact the situation had on Miss K

As there was no agreement, this complaint was passed to me to decide. I then sent both parties my provisional decision in which I said I was planning on upholding the complaint in part. For ease of reference, here is what I said:

Provisional decision

"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 the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed 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 argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Miss K and Santander have said before reaching my provisional decision.

Account block and closure

A bank is entitled to close an account just as a customer may close an account with a bank. But before a bank closes an account, it must do so in a way, which complies with the terms and conditions of the account.

I acknowledge what Miss K has said regarding the guidance she found from CIFAS about closing accounts. But having reviewed Santander's initial decision to close Miss K's account

on 6 October, I consider this decision was made fairly and based on the information it had available at the time.

Once the decision was made, I don't think Santander acted fairly in restricting the account and I haven't seen any compelling evidence to suggest it needed to do so.

Santander should've allowed Miss K access to the funds in her account during the notice period of 60 days', following its initial review on 6 October. Santander has agreed to pay Miss K 8% simple interest on the funds in her current account for the time she was deprived access to them, which is reasonable in the circumstances.

Communication and service

Miss K says she wasn't informed by Santander that it decided to overturn its decision to close her accounts after she informed it that the CIFAS information reported about her by a third party institution was incorrect and had been removed. Miss K says on the day she removed the funds from her savings account, she was told that her accounts would be closed, and this decision wouldn't change.

It was reasonable for Santander to require some time to review the new information Miss K presented to it on 24 October regarding the CIFAS marker. I appreciate Miss K was under the impression that her accounts were going to be closed due to what she had already been told. Miss K maintains she was told on 24 October that her accounts were still to be closed and on balance I think that likely was the case because the new information Miss K presented hadn't been reviewed yet. But it was ultimately Miss K's decision to transfer the funds out of the accounts.

I've listened to a telephone call from 25 October, when Santander phoned Miss K and advised it was calling her regarding her appeal following Santander's decision to withdraw its services. It informed her that after checking the CIFAS database it couldn't see any CIFAS markers registered against Miss K's name, so Santander had decided to withdraw its decision and reinstated Miss K's access to her account. Santander also confirmed the account and card blocks were lifted.

I'm satisfied Miss K was informed that Santander wasn't going to close her accounts, and she was able to eventually regain access to them. Should she have wanted to transfer the funds she had removed a day earlier back to her savings accounts, she could have done so. But it was Miss K's decision to later close her accounts, despite being informed they were not going to be closed by Santander. This was Miss K's decision to make and something she was entitled to do, but I don't find Santander did anything wrong here. I'm also satisfied that Santander paid interest on the funds in Miss K's savings accounts for the relevant period before the accounts were closed.

Miss K feels strongly that the service she received from Santander was poor, there was a lack of communication from it, and she was treated unfairly.

Having reviewed the evidence provided, I can see Miss K frequently contacted Santander regarding the matter. Initially, she didn't receive the account closure notice which caused her to chase this up with Santander and she subsequently spent time over the phone and branch visits to regain access to her funds.

Miss K's provided detailed testimony and has mentioned Santander closed her complaint without her permission and didn't lift the block on her cards as it said it would on 25 October 2023. She also feels she was treated with a lack of respect by Santander. The blocks on Miss K's cards weren't lifted straightaway and I acknowledge Miss K was given

misinformation about needing a new card and PIN, which wasn't the case.

I've thought carefully about the overall communication and level of service Miss K received from Santander and I've no doubt the situation affected Miss K's mental and physical health, from what she has described. I haven't seen anything to suggest that Santander treated Miss K in a disrespectful or rude way - but I recognise the situation was sensitive due to its nature and because Miss K explained she was previously a victim of fraud.

Overall I consider the £400 compensation Miss K has received from Santander in recognition of the multiple service and communication issues is fair. Santander has also apologised and acknowledges the level of service it provided should have been better. So, I won't be directing Santander to pay Miss K additional compensation.

Impact

Miss K says she couldn't renovate her kitchen due to Santander's actions. I haven't seen any evidence to suggest the block on Miss K's Santander accounts would've prevented her from obtaining credit to pay for the kitchen renovation and move forward with her plans.

The information from Miss K's credit file shows she received a hard search in September 2023 from a finance company, before Santander restricted her accounts. And another from a utility provider on 7 October 2023. Whilst the hard searches are present on Miss K's credit report, there's no evidence to suggest Miss K was declined credit because of the ongoing issues with Santander.

Miss K used her credit card for day-to-day expenditure whilst she didn't have access to her account with Santander. And she says she paid it off in full, to avoid paying interest. I have no doubt this was an inconvenience for Miss K but I think the compensation Miss K has been given is sufficient to recognise the inconvenience this would've caused her."

The deadline for both Miss K and Santander to provide any further evidence and/or arguments has now passed. Santander agreed with what I was planning on deciding. Miss K did not and provided additional arguments for me to consider.

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.

Santander has responded to my provisional decision and has agreed to pay Miss K 8% simple interest on the funds in Miss K's current account for the duration of the block.

Miss K responded and in summary she said:

- Santander didn't provide an explanation verbally or in writing regarding its decision to suspend access to Miss K's accounts and she had to chase the matter up several times before eventually receiving a letter in November 2023
- Miss K maintains she wasn't told Santander would reverse its decision if additional information was provided and that she was advised the same when she went into branch and had a phone call with the bank's security team, which was why she closed her accounts

- The initial £150 compensation Santander offered was in relation to Santander prematurely closing Miss K's complaint and didn't have anything to do with the remaining issues Miss K experienced after that point
- Miss K doesn't accept that she was informed on 25 October 2023 that Santander reversed its decision to close her account nor has Santander proved it sent a letter to Miss K confirming this
- Miss K reiterated the effect having her debit card blocked from the end of October 2023 to early November 2023 had on her and the amount of calls she had to make in order to resolve the issue. Miss K was also unhappy with the service received from a member of staff which led to Miss K feeling frustrated, shocked and upset
- Santander didn't treat Miss K appropriately, considering it was aware she had been a victim of fraud previously. And Miss K should've been treated with more care, but Santander abruptly removed access to Miss K's accounts at the beginning of October 2023 without providing an explanation
- Miss K considers she has only been given £250 compensation because the initial compensation of £150 was only given to her for the closure of the initial complaint she made, which was a separate matter
- Miss K had to lodge a fresh complaint after her first complaint was closed and reiterate all the points she made previously. This exacerbated Miss K's anxiety and depression and led to her not sleeping or talking to anybody
- Santander phoned Miss K to speak to her over the phone anonymously and without a phone number. Miss K says this made her feel unsafe due to previously being a victim of fraud. Miss K says she had to await correspondence regarding the closure of her account, and this affected her mental state and caused sleepless nights
- Miss K says one of the searches on her credit file from a utility provider was dated after Santander blocked her accounts. She says she didn't accept a £10 monthly reduction in the monthly cost of her bill because of Santander's actions, so she should be compensated for this

I appreciate Miss K says she was told that Santander wouldn't reverse its decision to close her accounts when she went into branch. But as I mentioned in my provisional decision, I'm satisfied Santander informed Miss K after this point over the phone on 25 October 2023, that her accounts were to remain open. So, I can't agree Miss K wasn't adequately informed of this by Santander after it reviewed the information she provided about the removal of the CIFAS marker.

Miss K says one of the hard searches on her credit file from a utility provider was after Santander blocked her account. This isn't in dispute here, but Miss K hasn't provided any persuasive evidence to show how Santander's actions prevented her from changing to a cheaper deal with the utility provider. So, it follows I won't be asking Santander to compensate Miss K for this.

Miss K has reiterated that she was very upset by the way she was treated by Santander in terms of the service she received and lack of consideration and care for the fact that she'd previously been a victim of fraud. I have considered Miss K's comments around this along with what she has said regarding the compensation amount Santander has awarded and being called from an anonymous number.

Santander initially awarded £150 compensation to Miss K in October 2023 after she complained about the block and closure of her accounts.

In its final response letter, Santander said the compensation was for *'any upset caused when discussing the matter with Santander and for the lack of communication you have received during our investigation'*. I don't agree that Santander solely awarded the compensation for closing Miss K's complaint without her permission. I consider it was also in recognition of the overall service she received. I've also taken the amount into consideration, alongside the additional £250 compensation Santander later awarded to Miss K for additional service failings – which I find to be a fair amount in the overall circumstances.

I've no doubt Miss K found the situation extremely worrying and it had a significant impact on her for the reasons she has mentioned, including because she was previously a victim of fraud. Having considered Miss K's additional arguments I'm not persuaded that Santander should pay Miss K additional compensation to what it has already paid for the reasons I've explained above. But it should pay Miss K interest on the funds she was deprived access to whilst her current account was blocked, as it wasn't fair for Santander to prevent Miss K access to her funds during this time.

Putting things right

To put things right, Santander must:

Pay Miss K 8% simple annual interest on the funds in her current account from the date her current account was blocked, to the date the block was removed.

*If Santander considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss K how much it's taken off. It should also give Miss K a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons above, I have decided to uphold this complaint in part. Santander UK Plc must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 27 August 2025.

Khadijah Nakhuda
Ombudsman