

The complaint

Mr J complains that Santander UK Plc unfairly closed his account and caused him to miss repayments which have impacted his credit file.

What happened

On 5 May 2024 Santander wrote to Mr J confirming it would be closing his account and gave him two months' notice of its intention to do this. It requested that the outstanding amount owed on the account overdraft – around £1,900 - was repaid.

Mr J attempted to make the repayment but was unable to as the account had been blocked from receiving any incoming payment. Mr J complained to Santander and it acknowledged its error in preventing him from making repayments to the account. It confirmed it had corrected what it had reported to credit reference agencies, removing the missed payment from June 2024 and offered him £250 in compensation for the distress and inconvenience caused.

Mr J maintained the agreed monthly repayments to the account in order to reduce the debt. But later discovered that missed payments were showing on his credit file throughout 2025 and complained that Santander was reporting incorrect information to credit reference agencies. Mr J said this adverse information was having a significant impact on his ability to obtain credit and requested Santander remove the adverse information and pay him more compensation.

Our investigator looked into things but thought the offer from Santander was fair. They didn't think Santander was responsible for the ongoing impact Mr J was experiencing.

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.

Was Santander acting fairly in closing Mr J's account

Banks and financial businesses have important legal and regulatory obligations they must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. It's common industry practice for businesses to restrict access to an account to conduct a review on a customer and/or the activity on an account. And the terms of the account permit banks to block an account.

Banks and financial businesses are also entitled to end their business relationship with a customer, as long as this is done fairly, doesn't breach law or regulations and is in keeping with the terms and conditions. Banks are entitled to decide for themselves whether to do business or continue doing business with a customer. Each financial institution has its own criteria and risk assessment for deciding whether to continue providing accounts and providing an account to a customer is a commercial decision that a financial institution is

entitled to take. That's because it has the commercial freedom to decide who it wants as a customer. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer.

Santander can only close accounts in certain circumstances and if it's in the terms and conditions of the account. Santander have relied on the terms and conditions when closing Mr J's accounts and, it has provided supporting evidence to show why the terms and conditions it's relied on are applicable in this case. Having reviewed this information, I'm satisfied it has acted fairly in closing Mr J's account.

Has Santander acted fairly in dealing with Mr J's debt

As I'm satisfied Santander has acted fairly in closing Mr J's account it follows I'm satisfied it was able to request his repayment of the debt in full within the two month notice period in line with the terms and conditions of the account.

As he was unable to repay it in full during the two months' notice period, he was unable to repay the debt when it fell due and in line with the agreed terms. Santander has done what I would've expected in entering into a repayment arrangement with Mr J. But because the debt wasn't repaid in line with the agreed terms, it's correct that Santander should report to credit reference agencies that a repayment arrangement is in place.

When Mr J initially tried to make repayment to the account in June 2024, he was unable to due to Santander's error. And I agree Santander needed to put this right. But I'm satisfied in ensuring no missed payment was reported to credit reference agencies and the compensation of £250 it offered was sufficient for this error.

Mr J continues to have concerns about Santander's actions. He's said it's continued to record missed payments to credit reference agencies which has impacted his ability to obtain borrowing elsewhere and has had a significant impact on his life. He's provided evidence from one credit reference agency that indicates he's missed payments every month since the repayment arrangement was put in place.

But my role here is to consider Santander's actions. Based on the evidence available at this time, I'm not persuaded Santander is responsible for the missed payments showing on Mr J's credit report with one of the credit reference agencies he uses. I say this because Santander's records show it has received all the payments from Mr J in line with the arrangement, so under the repayment arrangement they haven't been missed. It's confirmed that whilst it has continued to record Mr J is in a repayment arrangement, which I consider is an accurate reflection of the situation, it has not recorded any further missed payments. And Santander has provided evidence that supports this is the information it's recorded and reported to credit reference agencies.

Overall, I don't think Santander is likely responsible for the missed payments on Mr J's credit file or the impact he says he's experienced as a result.

My final decision

I uphold this complaint. If it hasn't already Santander UK Plc should pay Mr J the £250 previously offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 11 December 2025.

Faye Brownhill
Ombudsman