

The complaint

Mr A (the main complaint) complains that Santander UK Plc unfairly restricted and closed his account, and later caused a delay in returning his funds.

What happened

Around November 2024, Mr A discovered that Santander had restricted his joint account and had made the decision to close it. Mr A is unhappy that he wasn't notified nor was an explanation provided. He says the bank provided a poor level of service and caused a delay in returning his funds – resulting in him experiencing financial hardship, distress and detriment to his health.

Mr A says he's elderly, disabled and suffers from certain health conditions, so Santander's actions impacted him severely. He adds that this account was his primary account, where he received his pension and benefits, so he was denied access to essential funds.

In responding to the complaint, Santander explained that its act in restricting and closing Mr A's account was fair. The bank accepted that there were delays, so it paid Mr A £100 compensation. Mr A didn't agree and referred his complaint to this service, seeking an explanation and additional compensation. He adds that the bank's actions were discriminatory.

One of our investigators concluded that Santander's initial compensation offer was fair, but asked the bank to pay interest on the funds and a further £100 compensation for another service failing. Santander accepted the investigator's outcome.

Mr A didn't agree, so the complaint has been passed to me for a final review.

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.

Having done so, I share the investigator's conclusions on this complaint – I'll explain why.

I need to start by clarifying that this service is unable to make findings on whether something constitutes discrimination as per The Equality Act 2010. This is because this service is an informal alternative to the courts, and only a court of law can make a legal finding based on the definitions set out within the act. However, I can consider whether Santander has acted in a fair and reasonable manner, and to do that I will take several things, including The Equality Act 2010, into consideration.

As our investigator said, Santander has important legal and regulatory responsibilities to meet when providing accounts to customers. These obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of funds as well as detect and prevent financial harm. Santander may need to review accounts to comply with

these responsibilities.

I've also considered the basis for Santander's review, which I find was legitimate and in line with its legal and regulatory obligations. I should also add that I don't think Santander is under any obligation to disclose to its customers what triggers a review of their accounts. For this reason, I can't say that it's done anything wrong by not giving Mr A this information. And it wouldn't be appropriate for me to require it to do so.

Santander's terms and conditions say that it can close an account by giving two months' notice, or with immediate effect in certain circumstances. Having looked at all the evidence and the terms and conditions, I'm satisfied that Santander was acting fairly and reasonably when it decided to close the account by giving two months' notice.

Santander has provided some further details of its decision-making process which, unfortunately, I can't share due to its commercial sensitivity. But I've seen nothing to suggest that Santander's decision around closing Mr A's account was unfair.

Mr A understandably would like to know the reason why Santander decided to close his account. As I said above, Santander doesn't need to give him a reason why, as much as he'd like it to. The same would apply to Mr A if he had decided to change to another bank.

It seems Santander issued its closure notice incorrectly. I've seen a copy of the letter that was issued in October 2024, and I can see it was addressed to the joint account holder. Santander says its closure notice wasn't issued to Mr A in error. Mr A says this account was his main account within which he'd been receiving his pension and benefits. So I can appreciate it would have been distressing to find out his account had been closed without prior notice. And Mr A would have experienced a degree of inconvenience as regular payments would have needed redirecting.

Nevertheless, I note that Mr A also held a basic account with Santander which remained unrestricted and seems to have had adequate funds. I also understand that Mr A held an account with another provider. So I'm satisfied the impact of Santander's failing would have been mitigated by this. I agree, Santander should compensate Mr A for the distress and inconvenience caused by its failure to issue him with a notice of closure. But given the mitigation, I'm satisfied £100 compensation is reasonable.

Mr A points to his experience of Santander's service during the period in question. He says the bank made multiple failed promises regarding the return of his funds and unfairly asked him to visit a branch numerous times, despite being aware of his poor health and disability.

I've listened to recordings of the relevant calls Mr A made around the time. I note that Mr A was indeed asked to visit a branch on multiple occasions. But this seems to be because he failed to pass the bank's verification process over the phone during several calls. I can see from the calls that Santander's call handlers offered Mr A multiple opportunities to answer the verification questions asked, often asking for alternative information where appropriate. So I'm satisfied the bank acted reasonably in asking Mr A to visit a branch, as he couldn't pass verification over the phone.

I empathise with Mr A because of the difficulties he says he experienced in travelling to a Santander branch. However, I must keep in mind Santander's duty to protect Mr A's account. Moreover, given the context behind Santander's decision to restrict and close Mr A's account, I find it reasonable that the bank exercised the level of precaution that it did. I appreciate this will disappoint Mr A, but I'm satisfied Santander acted fairly.

Mr A also says he received a poor level of service from staff in branch. Unfortunately, there's

limited information about his branch interactions and Mr A hasn't set out exactly why the service level was poor. I appreciate he's pointed to the bank failing to live up to expectations it set around timescales for Mr A to receive his funds, something which I'll comment on below. But I haven't seen evidence that Mr A was treated unfairly in branch, so I won't be asking Santander to do anything in relation to this.

Santander already accepts that there was a delay in the return of Mr A's funds. And the bank has paid £100 compensation because of this. I'm satisfied this amount fairly reflects the level of distress and inconvenience caused by the delay, keeping in mind my earlier comment that Mr A appeared to have alternative accounts to fund his daily living costs. I'm also mindful that some of the delay was caused by Mr A being unable to complete I.D verification. Again, given the value of his remaining funds and the context of Santander's closure decision, I'm satisfied that the bank acted reasonably by withholding the funds until Mr A's I.D was verified.

However, as our investigator rightly pointed out, it seems there was an unreasonable delay in the return of Mr A's funds following his I.D being verified on 7 January 2025. It's unclear why Santander needed over two weeks to return Mr A's funds, particularly as I can see from one of the calls that Mr A had already agreed for his balance to be transferred to his basic account with Santander. I agree that the bank should put this right by paying Mr A interest for the period he was unfairly deprived of access to his funds.

Mr A is concerned that his full balance wasn't returned to him and that Santander unfairly retained some of the funds. I've looked at the statements for both of Mr A's accounts and I'm satisfied the full remaining balance was returned to him.

Overall, I'm persuaded that Santander's decision to restrict and close Mr A's account was carried out fairly. As I've explained, there's been some service failings that I think the bank should pay interest and compensation for.

Putting things right

Santander failed to issue a notice of closure to Mr A, so he was unaware that his account was due to be closed – causing him distress and inconvenience. Santander also unfairly delayed the return of Mr A's funds. To put things right, Santander should:

- Pay Mr A £100 compensation
- Pay Mr A 8% simple interest on the balance that remained in his account, calculated from 7 January 2025 to 23 January 2025

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

My final decision

For the reasons explained, I'm upholding this complaint. Santander UK Plc should settle this complaint in line with what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Mr A to accept or reject my decision before 27 February 2026.

Abdul Ali

Ombudsman