

The complaint

A representative of S has complained that Santander UK PLC (“Santander”) froze its account without any warning.

S says that it then took around a month to get Santander to unfreeze its account.

What happened

On 29 July 2025, a director of S discovered that S’s bank account had been blocked. The director attempted to withdraw cash on 31 July 2025, but again was unable to do so.

The director of S discovered that a number of Direct Debits had not been paid, resulting in the director of S having to make payments from an alternative account.

The director of S kept calling Santander, to get to the bottom of why S’s account had been frozen, but was unable to speak to anyone who could look into the matter.

Due to the ongoing block on S’s account, the director of S complained to Santander on 6 August 2025.

The block on S’s account was eventually removed around a month after the director of S first realised that he could not make any transactions on S’s account.

In response to the complaint, Santander issued its final response to the complaint on 27 August 2025. Within this response, Santander acknowledged the issues that S experienced and confirmed that it had resolved the complaint with the director of S over the phone. However, the director of S says he didn’t receive a response from Santander regarding the complaint. So S referred its complaint to this service.

After the director of S contacted this service, Santander acknowledged that the service S received was not as it should’ve been and offered to pay S £250 to apologise for the service received. Santander then agreed to increase this award to £500, due to it not including the full address for S when it had written to S.

S didn’t accept Santander’s offer as the director of S says that it never received any letters from Santander and the amount offered didn’t reflect the impact this matter had on him.

One of our investigators assessed the complaint and they concluded that Santander should pay £50 to cover the charges that S had incurred when the Direct Debits were returned unpaid, and also pay the £500 that Santander had already offered.

As the director of S didn’t accept the investigator’s assessment, the matter was referred for an ombudsman’s decision.

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 reviewed everything, I think the redress proposed by the investigator is a fair way to resolve this complaint. I will explain why.

Santander has explained that, to complete its Know Your Customer checks, it had written to S in May and June 2025 to request that S provide additional information. As Santander didn't receive a response it subsequently froze S's account on 21 July 2025.

However, it's clear that the reason why Santander didn't receive a response is because it hadn't included the full postal address in its letters (despite having the correct address stored in its records). This led to S not receiving any of the letters.

In the circumstances, I can't say that Santander was being unreasonable in asking for additional information about S. But, had Santander put the full address in the letters, I think it's likely that they would've been received by S and the director of S could've then provided the requested information in a timely manner and prevented the account from being frozen.

As such, I'm satisfied that S's account was unnecessarily frozen and this was due to an error made by Santander when it'd written to S, without including a complete postal address, to ask for additional information.

The director of S says that S incurred two £25 charges due to mortgage Direct Debit payments not being made, due to the account being frozen. Had things gone as they should've, I don't think that S would've incurred these charges. So I think it's fair that Santander reimburse S for these charges.

Turning now to the compensation awarded, the director of S says that £500 is insufficient because it doesn't fully reflect the inconvenience and embarrassment it caused him personally. The director of S also says that, having to resolve this matter took a number of hours, and he usually charges his client's £350 per hour. So says that Santander should pay him £7,000 for the lost income – in addition to £3,000 for the inconvenience and embarrassment caused.

However, I think it needs to be made clear that the eligible complainant in this case is S – which is a corporate legal entity. In referring this complaint to this service, the director of S is acting as a representative of S. This is an important distinction to make because, as the eligible complainant in this complaint is S, I can't award any compensation for any distress or embarrassment that a representative of S may've personally experienced. Also S, as a corporate legal entity, can't suffer distress or embarrassment. This is also the case for any loss of income (from sources other than S) that the director, as a representative of S, may've suffered in trying to resolve this matter on behalf of S.

This means I'm limited to considering whether £500 is a reasonable amount of money to reflect the inconvenience caused to S (and not the director personally).

I note that, in trying to resolve matters, the director acting on behalf of S did call Santander a number of times and it took around a month before Santander removed the block from S's account. In that time, I acknowledge that no payments could be made from the account in question. Although based on what the director of S has said, he was able to mitigate the impact of the account freeze by making some payments from an alternative account. But, other than the charges incurred due to the Direct Debits not being paid (which I think should be reimbursed by Santander), and the director of S spending time trying to resolve matters, I can't see that there were other losses incurred by S, due to Santander's error.

So, having weighed everything up, I do think that £500 is a reasonable amount of compensation for the inconvenience caused to S by this matter.

Putting things right

To put things right, I require Santander UK PLC to pay S:

- £50 to cover the charges that S incurred due to mortgage Direct Debit payments not being paid; and

- £500 for the inconvenience caused to S by this matter.

My final decision

Because of the reasons given above, I uphold this complaint and require Santander UK PLC to do what I have set out above, to put matters right for S, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 4 February 2026.

Thomas White
Ombudsman