

The complaint

Mr W complains that Santander UK Plc unfairly closed his personal current account and credit card as a result of actions taken by his limited company.

(Mr W has made a separate complaint on his company's behalf, and I have issued a separate provisional decision with my findings on that complaint.)

What happened

In early 2020 Mr W's limited company, which I will call B, successfully applied for a Bounce Back Loan (BBL) of £40,000 from Santander. On the same day that B received the loan funds, £40,000 was transferred from B's current account to Mr W's personal current account.

Much later, in July 2024, Santander began an investigation into B's eligibility for the £40,000 BBL. The bank ultimately decided that it was not satisfied with the documents that Mr W provided as to B's eligibility, and that as a result it no longer wished to continue its banking relationships with either B or Mr W.

Santander wrote to Mr W in September 2024 to give him 30 days' notice that it intended to close all of his accounts with the bank. One of those accounts, a current account, was overdrawn. Mr W also owed money on his Santander credit card. Mr W did not repay those debts within the next 30 days, and so Santander recorded defaults against Mr W's personal credit file.

Mr W complained about Santander's decision to close his accounts, and in particular its decision to record negative information on his credit file.

One of our investigators looked at Mr W's complaint, and recommended that it be upheld in part. Our investigator thought that it was reasonable for Santander to decide that it no longer wanted Mr W as a customer – but he thought it was not reasonable for Santander to have given Mr W only 30 days' notice that it intended to close Mr W's accounts. Our investigator thought Santander should have given 60 days' notice instead. He recommended that Santander pay £350 for the distress and inconvenience caused by the lack of notice. However, he did not recommend that Santander make any amendments to Mr W's credit file, because he didn't think the lack of notice made any difference to Mr W's ability to repay the overdraft and credit card before his accounts closed.

Neither party accepted our investigator's recommendations.

Mr W told us that all he really wants at this point is for his credit rating to be repaired. He also said that Santander gave him the wrong information – it told him during one call that specific evidence was needed, then later explained that that evidence was not needed after all. Mr W considers that Santander's errors prevented him from being able to provide the information that Santander needed.

Santander told us that it was satisfied that it was entitled to close Mr W's account immediately, but it nevertheless gave him 30 days' notice. It also said that given the transfer

of £40,000 from B's account into Mr W's personal account on the day B received funds from the BBL, one of two things must be true:

- Either Mr W used the funds in his personal account for business purposes (in breach of the terms and conditions of his account); or
- Mr W did not use the funds for business purposes (in which case he must have used the BBL for his personal expenditure, in breach of the terms and conditions of the BBL).

In either case, Santander says that Mr W must have breached the terms and conditions of at least one of the accounts held by himself and his company, and so it considers that it is entitled to exit its relationship with him. Overall, it says that it has done nothing wrong.

My provisional decision

I issued a provisional decision on this complaint, and said:

"I'm sorry to further disappoint Mr W, but I don't think Santander has treated him unfairly here. I will explain why not.

I know Mr W considers that B was always eligible for the £40,000 BBL. But, for the reasons I explained in my provisional decision on B's complaint, I don't think Mr W has demonstrated B's eligibility. That means the £40,000 that Mr W received into his personal account came from a loan that B was not eligible to receive. I understand why Santander has concerns about that.

In addition, regardless of whether B was or was not eligible for the £40,000, I also understand why Santander is concerned about the way the £40,000 was spent.

Mr W told us that the money was used for B's purposes, and that the only reason he used his personal account was that it was too difficult to use B's current account. Nevertheless, the terms and conditions of his personal account do say clearly that it is not to be used for business purposes.

On the other hand, if Mr W used the money for his personal spending, Santander is right to say that that would be a breach of the terms and conditions he agreed to (on B's behalf) in respect of the BBL. So I think Santander is right to say that Mr W must have breached the terms and conditions of one or more of the accounts he controlled with the bank.

I've noted the argument that Mr W's personal account is so far removed from B's current account as to make it unfair for Santander to take information about B into account when deciding whether it wishes Mr W to remain as a customer. But I don't agree with that argument. There is a close connection between Mr W's personal account and B's BBL, in that the funds from the BBL were almost immediately transferred into Mr W's personal account. In addition, Mr W himself says that he used his personal account for B's business purposes.

I think Santander was entitled to decide that it no longer wished to have Mr W as a customer, just as Mr W would have been entitled to decide that he no longer wished to use Santander as his banker. In the overall circumstances, I think it was fair for Santander to conclude that all accounts associated with Mr W should be closed. The issue here is how much notice Santander gave of its intention to close Mr W's personal accounts. Our investigator thought Santander should have given Mr W 60

days' notice. Santander actually gave 30 days, but says it was entitled to close the accounts with no notice at all.

I think the terms and conditions of Mr W's accounts with Santander did allow the bank to close the accounts without giving him any notice at all in these circumstances. It follows that I think it was fair for the bank to give him 30 days' notice. But even if I am wrong to say that, I don't think that a longer notice period would have made a practical difference in this case.

Mr W's accounts with Santander were closed just over a year ago, but I understand that he has still not paid the debts he owes to the bank in full. That makes it difficult for me to conclude that Mr W would have paid the debts in late 2024 even if he had been given slightly more notice.

I realise that from Mr W's perspective, the most important thing here is the impact of Santander's actions on his credit rating. But I think that if Santander had given him more notice, the only impact would have been that Santander reported defaults slightly later. I don't think that would have made a material difference to his current position, and so I don't think it would be fair for me to order Santander to pay any compensation or make any changes to his credit file."

Mr W did not accept my provisional conclusions, and provided further evidence and arguments which I confirm I have read (and listened to) in full.

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 have come to the same conclusions as I did in my provisional decision, for the same reasons.

I acknowledge that Mr W feels very strongly that the evidence he has provided to Santander in respect of B does show that B was eligible for the BBL. But I disagree with him, for the reasons I have given in my final decision on B's complaint.

I also acknowledge that Mr W does not recall Santander ever telling him that he should not use his personal account for business purposes. But I consider that is made clear in the terms and conditions of the account. The fact that Santander allowed Mr W to transfer money from his company's account to his personal account does not mean that Santander had given him permission to use his personal account for business purposes. There are many reasons why such a transfer might be carried out, for example for the payment of dividends.

Mr W has also suggested that the reason he did not pay his personal debts to Santander is that he was advised not to do so. But I have not seen evidence that persuades me that anyone gave such advice to Mr W. In any event, I consider that Santander was entitled to demand that Mr W repay his debts to the bank, and that it was entitled to record defaults when he failed to do so. Any action taken by any party after the defaults were recorded cannot have caused the defaults.

Overall, my opinion is that Santander treated Mr W fairly and reasonably here.

My final decision

My final decision is that I do not uphold this complaint about Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 11 February 2026.

Laura Colman
Ombudsman