

complaint

Mr N complains that Santander UK plc declined his application to open a basic bank account and recorded a CIFAS marker against his name. CIFAS is the UK's fraud alert service.

background

Mr N wanted to open a basic bank account and made an application to Santander.

Santander reviewed the application but declined it. It said that Mr N hadn't disclosed a previous address (the application asked Mr N about any addresses he'd lived at over the previous three years). It also placed a CIFAS marker against Mr N's name – suggesting it felt he'd been dishonest in the way he'd completed the application.

Mr N complained about what had happened. He said he'd wanted to apply for a basic bank account, but Santander had treated his application as one for a standard current account. He also said that, whilst he was linked to a different address, that was a property he rented out; he didn't actually live there. He said he'd been living at the address he provided for several years.

Mr N referred his complaint to this service, and one of our adjudicators considered it. She found that Mr N hadn't given inaccurate information in the application. But, she said, Santander was entitled to decline Mr N's application because there were fairly recent County Court judgments against him. She thought that Santander should, therefore, remove the CIFAS marker and pay Mr N £250 in recognition of the inconvenience to which Mr N had been put and the distress it had caused.

Santander accepted the adjudicator's recommendations, but Mr N did not. He said he'd applied for a basic account but his application hadn't been processed correctly – Santander had treated it as an application for a standard current account. He was finding it difficult to open an account elsewhere. He asked that an ombudsman review the case.

In the meantime, however, Mr N has said that he does now have an account; the CIFAS marker has been removed.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Part of Mr N's concern is that Santander didn't process his application as an application for a basic bank account. A basic bank account is one with basic features, and no overdraft facility. Those features are set out in regulation 19 of the Payment Accounts Regulations 2015. The regulations also set out the eligibility criteria for people to open a basic bank account and the circumstances in which an application can be declined. I'll discuss those in a little more detail.

Under regulation 23, in order to be eligible for a basic bank account, a consumer must (amongst other things) not hold a payment account with the features in regulation 19 with another institution and must be ineligible for any other account offered by the institution to which they are applying. That means that Santander couldn't simply offer Mr N a basic account; it had first to make sure that he wasn't eligible for its standard current account. Santander was therefore not only within its rights to process Mr N's application as an

application for a standard current account, it was obliged to do so or to check by some other means whether he was eligible for one.

I'm satisfied that Santander was within its rights to decide that Mr N was ineligible for a standard current account, because of his credit history. It was largely for Santander to decide whether or not it wanted to offer him a standard account. But the circumstances in which an account provider can refuse to offer a basic account are more limited. They're set out in regulation 25 and largely cover concerns around fraud, money laundering and threats and violence towards bank staff.

Our adjudicator took the view that Mr N hadn't acted dishonestly, since she accepted what he had told Santander about his current and previous addresses. She recommended an award of £250 and that Santander arrange for the removal of the CIFAS marker, which Santander accepted.

Because the Payment Account Regulations 2015 oblige some account providers (including Santander) to offer basic accounts save in certain circumstances, the adjudicator in my view should have discussed in more detail the effect of the regulations here. But, since Mr N has now confirmed that he has been able to open an account elsewhere, he doesn't meet all the requirements of regulation 23 – even if he did at some point in the past. I don't therefore need to consider that issue any further.

And, since Santander has arranged for the removal of the CIFAS marker, the only issue left for me to consider is whether the recommendation of £250 compensation is a fair way to resolve Mr N's complaint. I believe it is, for the same reasons as those explained by the adjudicator. For completeness, however, I will make a formal award of that sum – on the assumption it hasn't already been paid.

my final decision

My final decision is that, to resolve Mr N's complaint, Santander UK plc should pay him £250. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 1 December 2019.

Michael Ingram
ombudsman