

complaint

Mr H complains that Santander UK Plc closed his account without notice and won't reopen it.

background

Mr H had a current account with Santander. He moved abroad a few years ago, but he wanted to keep a bank account in the United Kingdom so that his pension could be paid into it once he retired.

In January and February 2017 Mr H made a number of payments from his PayPal account, which were funded by corresponding payments from his Santander account. The last of these payments made his account overdrawn, and so Santander began to charge monthly unarranged overdraft fees. A total of £465 in fees were charged between March and August, by which time the account was overdrawn by more than £500. None of the fees were paid, and so the account was defaulted and closed.

Mr H did not know that the account was overdrawn or that it was closed until November 2017, when he received a statement at his address overseas. He says that until then he'd thought the account was in credit. He complained that Santander had not told him he was overdrawn, and had not told him it had closed his account. He asked for the account to be re-opened.

Santander cancelled the overdraft charges and removed the default from Mr H's credit file, because it had not sent him a default notice. One of its call handlers told him his account would be re-opened, but this was incorrect: Santander is unable to open an account once it has been closed. For having given Mr H incorrect information, and for some delays in dealing with his complaint, Santander sent him a cheque for £600 in February 2018. But it said it could not re-open the account, nor could it give him a new account unless he was resident in the UK.

Mr H brought this complaint to our Service. He said Santander should have told him about the overdraft, and that it should not have allowed his account to become overdrawn in the first place – it should not have allowed the final transaction to go through. He'd had to spend a lot of time on the phone with Santander, at inconvenient times because of the different time zones. He insisted he had told Santander his new email address when he had changed it when he left the UK. He said Santander should have emailed him at that new address, and also that it should have sent a letter to his address overseas.

Santander said it was not its process to send letters to customers abroad. It had no record of Mr H ever having updated his email address, so it had emailed his old address. Since it had not sent him a default notice, it had removed the default from his credit file. But it had still been entitled to close his account, because it had been in arrears for so long. It described the £600 cheque as a gesture of goodwill.

Our adjudicator did not uphold this complaint. She said that there was no evidence that Mr H had told Santander his new email address, and Mr H himself had been uncertain if he had done so or not. She pointed out that Mr H had been able to monitor his account by using online banking, so he ought to have known that the account was overdrawn. She accepted that Santander was unable to re-open the account. The £600 was fair and she didn't think Santander should have to do anything more.

A second adjudicator reviewed this complaint, and reached the same conclusions. She added that it was not for our Service to tell Santander which methods to use to communicate with its customers.

Mr H did not accept those decisions. He said the £600 was only compensation for his stress and inconvenience, not for the loss of his bank account. He said Santander was discriminating against him because he didn't live in the UK. He would have to temporarily move to the UK to open a new account, in which case he should be refunded the cost of doing so. He asked for an ombudsman's decision.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I do not uphold it. I will explain why.

Santander's terms and conditions allow it to pay a transaction that takes the account over its overdraft limit, and to charge unarranged overdraft fees. I therefore don't think Santander did anything wrong by charging those fees. Nevertheless, it has refunded them anyway, as a gesture of goodwill. It didn't have to.

Santander has also paid Mr H £600. That was not a gesture of goodwill, but compensation "for the length of time this has taken to be resolved and for the inconvenience that has been caused." That is more than I would have required Santander to pay for the errors I find it did make, which are the ones it has admitted to – defaulting the account without notice, giving Mr H conflicting information about whether he could have a UK account again, and delay. I agree with Mr H that the £600 was not intended to be compensation for the loss of his account. But I do not think that his account was closed in error, so no compensation is due to him for that.

I don't think Santander is obliged to write letters (other than default notices) to customers who live abroad. It was a UK account, opened when Mr H lived in the UK. It was enough for Santander to email Mr H at the last email address it had for him. Although Mr H said in his first email to us that he was certain that he had told Santander his new email address, I note that he told the first adjudicator in a phone call (on 31 August 2018) that he wasn't sure if he had or not, and Santander has no record of the new address. On balance, I think it is more likely than not that Mr H did not tell Santander his new email address, and that Santander tried to contact him at the most recent one it knew about.

In any case, I agree with our adjudicators' opinion that it was Mr H's responsibility to keep an eye on his account balance and to make sure it was not overdrawn. He made eight payments from the account in January and February 2017 (and a ninth in April). These payments came to nearly £200, and the account's balance prior to those payments had been less than £138. He didn't check his account balance until November. That's not Santander's fault.

Santander's policy is not to open a UK account for someone who is not a UK resident. It's not within my remit to interfere with that. Indeed, I generally cannot require a bank to open an account for someone if it does not want to. I could make an exception if the customer had once had an account which had been wrongly closed by the bank, but I do not agree that Mr H's account should not have been closed. It had been overdrawn for about nine months, and none of the fees had been paid in that time. Santander did not have to keep the account

open indefinitely. It closed the account and sent the balance to collections, which is what I would expect it to do eventually.

my final decision

So my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 March 2019.

Richard Wood
ombudsman