

complaint

Mr O has complained about how Santander UK Plc ('the bank') maladministered the process of obtaining information from him and then blocked, unblocked and re-blocked his account.

background

Mr O had a business account with the bank. It remains open, with an unpaid debit balance which includes some interest and charges, although Mr O's main business account is now with another bank.

In 2018 the bank had asked Mr O to provide some information regarding his business. When Mr O failed to provide the information the bank required, it blocked Mr O's account, so he could no longer use it for the purposes of his business.

At that point Mr O told the bank he'd move his custom elsewhere. Mr O also complained to the bank about how the bank's information-gathering process had been conducted, and then to the Financial Ombudsman Service.

Our adjudicator upheld Mr O's complaint. He concluded the bank had made mistakes in gathering information from Mr O and recommended the bank should pay him £100 compensation.

The parties responded. The bank thought it was less blameworthy than the adjudicator thought, and it offered to pay £50 instead. Mr O thought £100 was too little, but he added that meanwhile the bank had treated him badly again.

Mr O said the bank, without telling him, had unblocked his account around mid-October 2018 which resulted in various direct debits and standing orders being paid from the account. This led to a substantial overdraft and interest and charges.

The bank then blocked the account again in November 2018.

The adjudicator revised his conclusions and recommended the bank should pay Mr O £250 instead of £100. He said the bank had failed to notify Mr O of its intention to unblock the account, and this had led to further, unexpected activity on the account. However, the adjudicator hadn't received from Mr O any evidence the payments weren't valid in themselves. He added Mr O was still responsible for repaying the debit balance on the account.

The bank objected to paying £250. It said Mr O should accept a large part of the responsibility for the situation, because the account had been unblocked to allow the account to be closed and Mr O had still not closed the account.

Our adjudicator revised his recommended settlement. He thought Mr O hadn't done enough to mitigate the situation (ie Mr O hadn't closed the account) and the bank should pay him £150 instead of £250. He also conveyed to Mr O the bank's offer to pay this sum and remove the charges and interest from the account if Mr O closed his account (by repaying the debit balance) within 21 days.

Mr O didn't accept that offer within 21 days. He later offered to settle the complaint on the same terms. However, while the bank had decided to refund, and did refund to the account,

the charges from October 2018 onwards, it refused to refund the charges for August and September 2018. This last point was unacceptable to Mr O, so the complaint was referred to an ombudsman for review.

While the complaint has been waiting for review, the bank agreed not to add any more charges to the account. It did, however, mistakenly issue a default notice, which Mr O was told he could ignore.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've only considered the complaint about information-gathering and blocking. A complaint can't continue to expand while under investigation. So I haven't for example taken account of the mistakenly issued default notice.

It seems to me there are two main questions for me to consider and decide:

- Is £150 fair compensation for what the bank did wrong? In order to answer this question, I have to consider, among other things, what the bank's errors were and whether Mr O did enough to mitigate the situation.
- Should the bank also refund the account charges for August and September 2018?

I'm sorry to disappoint Mr O but I've decided, like the adjudicator, that £150 is enough compensation in this case. The bank's errors were as the adjudicator found them to be – when it requested information and when it unblocked the account without notice – but while they undoubtedly caused Mr O worry and inconvenience, he was aware that the way to mitigate the effects was either to provide the information the bank required or to close the account. He did neither.

Regarding the charges, I don't think I should require the bank to do more. The ombudsman service awards two main types of compensation – for worry and inconvenience, and secondly for financial loss. The latter means the extent to which a customer is left financially worse off as a result of errors. In this case the charges weren't caused by the bank's errors. They arose because Mr O chose to keep his account open. To the extent that Mr O was being charged for a blocked account, this again could have been avoided if Mr O had provided the information the bank required.

To be clear, an ombudsman isn't required to tell a bank to honour an offer it has made to settle a complaint if that offer isn't taken up by the customer (in this case within 21 days). And secondly, if as in this case a bank chooses to remove certain charges spontaneously, that doesn't mean the ombudsman will require the bank to remove all charges.

my final decision

I require Santander UK Plc to pay Mr O £150 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 27 February 2020.

Roger Yeomans
ombudsman