

The complaint

A company, which I'll refer to as F, complains that Santander UK Plc unreasonably delayed opening a new savings account.

What happened

F's representatives told us:

- In October 2022, they applied for a new savings account with Santander. They were told that the application process might take six to eight weeks, but in the end it was almost a year before the account was finally opened.
- They cannot understand why the bank took so long. They acknowledge that Santander wanted further information from them, but they responded quickly to all of the bank's requests. In any event, given that F is a longstanding Santander customer the bank should already have known the answers to the questions it asked.
- The bank offered F £300 compensation in February 2023. At the time, they thought the account was likely to be opened very soon and so they accepted the bank's offer. However, they now believe the offer should be substantially increased to take account of the interest F lost out on.

Santander told us:

- The application form it received in October 2022 needed amendments (because a mobile phone number was incorrect). However, it accepts that it received a correctly completed application form in early November 2022, yet it didn't open F's new savings account until September 2023.
- F was known to the bank, but its procedures still required it to carry out a Know Your Customer (KYC) review. It was entitled to carry out the KYC review, but it accepts that the review took longer than it should have done.
- F had access to its funds at all times, and so it is not prepared to pay F any compensation for lost interest. However, it is prepared to increase the total compensation from £300 to £500 to apologise for the time taken to open the account.

One of our investigators looked at this complaint, but he thought Santander's offer of £500 was fair. F's representatives did not agree, and so the matter was referred to me.

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.

Banks in the UK are strictly regulated, and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of both new and existing customers. That sometimes means – as in this case – that a bank chooses to carry out a KYC review.

In principle, I have no concerns about Santander's decision to carry out a KYC review before opening a new account for F. But I do think that review took an unreasonably long time. Santander has explained that it changed some of its procedures, and that it experienced backlogs. But I still think it should have been able to make a decision as to whether to open a new account for F in a much shorter time period.

Putting things right

I acknowledge that F's representatives consider that Santander's offer of £500 is far too low, particularly by comparison with the interest F received once the account was finally open. But I don't think it would be fair for me to make an award for loss of interest. I say that because:

- Santander's delays in opening the account did not prevent F from having access to its money. It was always open to F's representatives to transfer F's money elsewhere – and indeed I note that F's representatives were able to open an account for F at another bank (albeit at a lower rate of interest than Santander was offering, and possibly on different terms).
- Although Santander eventually decided that it was willing to open a savings account for F, it was not obliged to open the account at all. F was not entitled to receive interest at the rate Santander was offering on the savings account F had applied for.

Santander has offered to pay a total of £500 by way of apology for the delays, and I see no basis on which I could fairly require it to pay more.

My final decision

My final decision is that Santander UK Plc must pay F a total of £500 to resolve this complaint. If the bank has already paid the agreed £300 to F, then it only needs to pay another £200. Otherwise, it must make a payment of £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask F to accept or reject my decision before 29 March 2024.

Laura Colman
Ombudsman