

The complaint

Mr S complains Santander UK Plc (“Santander”) has withheld funds in his account since 2019. Mr S wants Santander to return his funds and compensate him for the distress and inconvenience it has caused him.

What happened

In March 2019, Mr S received a payment of £9,700 into his account. Mr S says this payment was from a friend who he had agreed to sell his piano to. Mr S says he had known this friend for over 15 years.

A few days later, Mr S withdrew £4,200 from his account. Santander carried out a review of Mr S’ account and asked him to explain and show proof of entitlement to the payment of £9,700.

Mr S explained what the payment related to and sent Santander a receipt of the payment being made from the sender’s bank. Santander wasn’t happy with Mr S’ explanations nor did it think he had sent enough information to show his entitlement to the remaining funds. Because of this Santander moved £5,500 into one of its sundry accounts.

In May 2019, Santander sent Mr S a letter in which it said the account would remain blocked. And following a referral to its investigation team, Santander has decided to close Mr S’ account in 30 days’.

Unhappy with Santander’s actions, Mr S complained. Santander didn’t uphold Mr S’ complaint. In short, it said:

- Santander has legal and regulatory obligations which can require it to withhold transactions and services. Mr S can access any regular salary or benefits during the time the blocks were in place, but any other payments may not be accessible depending on the nature of the concerns
- Mr S hasn’t provided enough information to support his entitlement to the funds. So his account facilities have been removed
- If Mr S wants Santander to review his access to the funds, he will have to provide more information like evidence of conversation between himself and the sender of the funds or proof of advertisement. Alternatively Santander will accept the sending bank confirming Mr S’ entitlement to the funds

Mr S referred his complaint to this service.

One of our Investigator’s questioned whether the complaint had been referred to this service in time. But after Santander explained that the final response was issued on 29 June 2022 and not in March 2022, it was agreed Mr S had made the complaint within six months of the final response being issued. And so we could consider it.

Later, another of our Investigator’s noted that a final response had also been issued to Mr S

in 2019. This document was password protected – and neither Mr S nor Santander had the password. Santander explained that the complaint handler who sent this final response had left. Because of this our Investigator said they couldn't see if this was a valid final response nor what the subject matter it dealt with was.

So they explained to Santander that this was still a complaint we could consider.

Our Investigator then looked into the merits of Mr S' complaint. They didn't think it should be upheld. In summary, they found:

- Santander is entitled to block, investigate and sometimes close accounts in certain circumstances. Santander doesn't have to tell its customer why it's doing this, but it should make sure it's done in a timely fashion and in line with the terms and conditions of the account
- Santander acted in line with the terms of the account when blocking and retaining funds from Mr S' account. Nor has it caused any undue delay
- Mr S gave Santander differing accounts about the source of his funds. Mr S has told this service the £9,700 payments came from a friend who was purchasing his piano. But he hasn't provided enough evidence to show this
- Mr S had been given sufficient opportunity to show his entitlement to the funds – but has failed to do so. Santander hasn't done anything wrong in restricting and retaining the remaining funds

Mr S didn't agree with what our Investigator said. He says the money is somewhere in the banking system, and he's not prepared to let it go.

As there is no agreement, Mr S' complaint has now been passed to me to decide.

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.

Firstly, as Santander has consented to us considering this complaint, I'm satisfied I can look into the merits of it. I also note Mr S has referred his complaint within six months of the final response letter Santander say it sent in June 2022.

That final response letter deals with the blocks applied to Mr S' account, and the withholding of funds. As Mr S has made the same complaint to this service, my decision will only focus on these points.

I've decided not to uphold Mr S' complaint. I'll explain why.

Banks in the UK, like Santander, 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 an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

These obligations generally cover the entire period of its customer relationship – from application to eventually the end of the relationship. This includes KYC checks and/or Customer Due Diligence (CDD). It's worth noting these checks include not just the verification of a customer's identity, but also establishing the purpose and intended nature of

the business relationship and origin of funds.

Santander acted in line with its obligations when carrying out a review, asking Mr S for information about the source of his funds, and later restricting it.

This brings me onto the crux of Mr S' complaint. That is, Santander has unfairly withheld his funds since March 2019. Santander has sent me its internal system notes which shows Mr S had given it discrepant information about what the £9,700 payment related to. I haven't been given any calls to listen to which shows Mr S gave differing versions to Santander. But in the absence of that evidence, I'm persuaded I can put some weight on Santander's internal call notes.

Mr S has also been asked by Santander, and this service, to provide better evidence to show his entitlement to the funds. Mr S has given Santander a third-party bank's headed receipt which shows the payment of £9,700 was sent from its customer's account to him.

Having carefully weighed this up, I'm satisfied that Mr S hasn't given enough evidence to show his entitlement to the payment of £9,700. So I don't think Santander has done anything wrong in withholding it and placing what remained - £5,500 – into one of its sundry accounts.

Santander has recently told this service these funds will now be returned to the source account. There is an argument that Santander ought to have done this much sooner, but even if that were the case, that would in principle represent a loss to the sender given Mr S hasn't shown he is entitled to the funds.

It follows that I'm satisfied Santander is acting fairly by returning the funds to source. Mr S says the sender of the funds is a long-standing friend, so it's likely he can speak to them directly.

Mr S says this matter has caused him financial loss, distress and inconvenience. I do appreciate this matter would've caused him some difficulty. But having looked at what's happened in this particular case, I can see no basis on which I might make an award against Santander given I don't think it's done anything wrong.

So I'm not going to ask Santander to compensate Mr S for any distress and inconvenience this may have caused.

My final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 March 2024.

Ketan Nagla
Ombudsman