

The complaint

Mrs M complains Santander UK Plc unfairly closed two bank accounts soon after they were opened. Mrs M adds Santander's actions were discriminatory and based on her nationality and her previous country of residence.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here in detail. Instead, I'll focus on setting out some of the key facts and on giving my reasons for my decision.

Mrs M is a Russian national and moved to the UK. After moving to the UK, in July 2023, Mrs M applied to open a personal current account with Santander. The account was opened by Santander but then closed within five days. Following this, in August 2023, Mrs M applied online to open a basic bank account with Santander. Again, the account was opened, but then closed.

Mrs M complained to Santander about closing the accounts. And she asked them to explain why they didn't want to offer her an account. She said she had purposely applied to open a basic account because she understood these were designed for people with no credit history and people who have migrated to the UK. Mrs M told Santander that she feels the bank discriminated against her because of where she was born, and that having moved to the UK recently Santander's actions compounded her feelings of not fitting in. She said this impacted her mental health, caused her anxiety and led to panic attacks.

In response, Santander said it hadn't done anything wrong when it closed Mrs M's accounts. And, it had closed them in line with the terms and conditions of the accounts. Santander also said that it wasn't obliged to provide Mrs M with an explanation about why it didn't want to offer Mrs M an account.

Unhappy with this response, Mrs M brought her complaint to us where one of our investigator's looked into what had happened. The investigator asked Mrs M and Santander for some more information. Mrs M told the investigator that she had managed to open an account with another bank in August 2023. Santander said it had closed Mrs M's accounts immediately as part of its new bank to process based on information Mrs M had shared with the bank about her circumstances when she applied to open the accounts.

The investigator reviewed everything and upheld Mrs M's complaint. She said didn't think Santander had treated Mrs M fairly based on the reasons they gave to our service for closing her accounts, and said Santander should pay her £400 compensation for the trouble and upset caused by the bank closing her accounts.

Mrs M agreed. Santander did not. In response to the investigator's view it maintained it hadn't done anything wrong when it decided to close Mrs M's accounts. Santander explained this was a commercial decision taken in line with its new to bank process. And risk appetite. Santander also said that Mrs M hadn't used either account so it didn't feel £400 compensation was justified.

As no agreement could be reached the matter has come 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.

Having done so, I've decided to uphold this complaint. I'll explain why.

Mrs M says Santander's decision to close her accounts was discriminatory based on her race. It's not my role to decide whether discrimination has taken place – that's a matter for the courts. My role is to decide whether Santander treated Mrs M fairly and whether its actions were reasonable. In doing so, I must take account all relevant laws and regulations, and what we consider to be good industry practice at the time. So, although it is for the courts to say whether or not Santander has breached the Equality Act 2010, I'm required to take the Equality Act 2010 into account, if its relevant, amongst other things when deciding what's fair and reasonable in the circumstances of the complaint because Mrs M says Santander has discriminated against her on the grounds of her race, which is a protected characteristic.

I'll start by setting out that it's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, account facilities to any particular customer. Just as consumers usually have a choice of who they bank with. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep customer or require it to compensate a customer who has had their account closed.

As long banks and financial businesses reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide account services without proper reason, for instance due to unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

Santander has provided this service with some further details of its decision making process which led it to close Mrs M's accounts – in summary Santander says Mrs M is outside its risk appetite due to her links to Russia. And its provided screenshots of Mrs M's online account application which led them to this decision. From looking at the screenshots of the application I can see that Mrs M told Santander she was born in Russia and had been resident in the country for nearly twenty years before moving to the UK. So, I'm satisfied Santander were aware of Mrs M's nationality.

I appreciate Santander is entitled to set their own policies and part of that will form their risk criteria And I also note Santander has important legal and regulatory obligations in ensuring no UK, or other international sanctions, might be breached. It's well known that Russia is subject to substantive and rapidly evolving international sanctions since 2022. But having a policy or procedure to meet overarching obligations, doesn't always mean a customer has been treated fairly in every decision to offboard when that policy is applied.

I accept there are sanctions against the Russian government as well as certain companies and individuals, individuals who simply have a Russian nationality, or have lived in Russia previously are not subject to sanctions. I've not seen any evidence that Mrs M transacted on either account and she hadn't indicated in her account application that she intended to use the accounts to try and send or receive money from Russian based banks or individuals. I've

seen no evidence that Santander looked into how Mrs M might use her account or her circumstances to allay any risks they may have had about Mrs M or who she might have used/attempted to use the accounts she opened.

After carefully reviewing the circumstances of this complaint, I'm satisfied Mrs M was impacted by Santander's policy more than someone who isn't Russian because she is more likely to have lived in Russia previously due to her nationality. While I recognise Santander's wider responsibilities, I haven't found their decision was proportionate in relation to her circumstances as a response to meet their wider obligations. So, I'm not satisfied they treated her fairly by offboarding her based on the information they held. And I don't think it was unreasonable for Mrs M to conclude she had been discriminated against – irrespective of whether or not she actually was. I say this because Mrs M shared details of her protected characteristics with Santander prior to their decision to close her accounts.

One of the accounts Mrs M opened was a basic bank account. These types of current account are intended for people who don't have and don't qualify for standard current accounts. In order to be eligible for a payment account with basic features an individual shouldn't hold a payment account with any United Kingdom credit institution that has at least the features of a basic bank account.

When closing a basic account, along with the terms and conditions of the account, Santander also had to consider the provisions of the Payment Accounts Regulations 2015 (PAR's 2015). Amongst other things they set out when an account provider can close a basic bank account. Closure is only permitted in certain circumstances – one of them involves the conduct of the account and the way it is being run. Another reason is if the consumer has access to another payment account in the United Kingdom which allows the consumer to make use of services offered by a basic bank account and was opened after the payment account with basic features. And if the account hasn't been used for more than 24 months. Having considered the reasons Santander closed Mrs M's basic account, I don't think this meets the definition of any of the criteria set out under the PAR's 2015, which allow them to close the account.

I've also looked at the terms and conditions and having done so I'm not persuaded that Santander met the criteria to close either account immediately.

Mrs M says the whole experience has caused her a lot of stress and anxiety – especially as she had recently moved to the UK, and she was already worried about not being able to 'fit in.' Mrs M has also said that she applied for a basic bank account because she believed the account was specifically designed for people who had recently moved to the UK. So, she was very upset when Santander closed this account.

I've considered how Santander actions impacted Mrs M. Santander hasn't accepted that it has done anything wrong when it decided to close Mrs M's accounts. And has said that £400 compensation is a lot considering Mrs M didn't actually use the accounts. Mrs M doesn't see it that way. She believes that what Santander has done goes beyond a commercial decision. She has felt discriminated against. I can understand why Mrs M feels this way, and I do think Santander hasn't quite grasped how its actions have made Mrs M feel. And it's only right that Santander recognises this.

In terms of fair compensation, I wouldn't be minded to direct Santander to reopen Mrs M's accounts – that's because Mrs M now has another account offering the features of a basic bank account. But I would have to compensate Mrs M for the trouble and upset Santander closing her accounts caused her.

Mrs M had to go to the trouble of organising a new bank account, which would have taken time and effort. I've taken onboard Mrs M's comments too, about how Santander's actions made her feel. Having done so, weighing up the overall impact the closure of the accounts had on Mrs M I'm minded to say that £400 is a fair amount of compensation and proportionate to the trouble and upset Mrs M was caused in the overall circumstances of this complaint.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint. To put things right Santander UK Plc should pay Mrs M £400 compensation for unfairly closing her bank accounts.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 12 December 2024.

Sharon Kerrison
Ombudsman