

## The complaint

Mr M has complained that Santander UK Plc ('Santander') blocked his bank accounts. The accounts were eventually closed and he wants the balance that was left in the accounts to be paid back to him.

## What happened

I issued a provisional decision on this complaint last month. An extract follows:

*"In February 2022 Mr M became aware that his accounts had been blocked by Santander. He got in touch with Santander who asked him to provide proof of entitlement documentation for certain transactions which included child benefit payments.*

*Mr M provided documents in March and April 2022 but Santander didn't deem those to be sufficient proof he was entitled to any of the funds. Further documents were provided in May 2022 but again they weren't deemed to be sufficient by Santander.*

*In June 2022 Santander issued a final response where it acknowledged Mr M's frustration but said it was acting in line with its legal and regulatory obligations which sometimes require it to withhold transactions or block accounts. It said it is not always possible to provide an explanation of the reasons for this.*

*A further final response was issued in October 2022 where Santander said its original decision remained unchanged and that the account was still under review and while that was the case the restrictions would remain.*

*Santander wrote to Mr M in December 2022 saying it was withdrawing his banking facilities with immediate effect. It closed all his accounts. His savings account was still in credit, so it asked for details to transfer the balance to another account. But it retained the money that was in his current account.*

*Mr M complained to us while his accounts were still blocked by Santander, in June 2022. He said he believed it suspected him of fraud and added that he takes payments from his uncle for benefits as his uncle doesn't have a bank account. He added that Santander had asked him for evidence which he provided but it refused to unblock the account.*

*Mr M also said that in December 2021 he transferred £1,543 from another account into his Santander account. He said he has provided proof that it came from his own account, but he hasn't had that money back. He also queried why Santander hadn't returned a £900 payment which was made to him by his cousin in error and which he couldn't return due to the account being blocked.*

*In May 2023 Santander told us that it decided to return £1,693.85 to Mr M for child benefit payments.*

*Our investigator's view was that Santander was acting within its legal and regulatory obligations when it froze and closed Mr M's account but she didn't think that it was fair and*

reasonable that it withheld Mr M's child benefit payments. She thought it should pay him back (£1,693.85) plus 8% interest from December 2022 which was the date the account was closed to the date the money was released.

Though it initially disagreed, Santander ultimately accepted our investigator's view. Mr M didn't. He didn't agree with Santander keeping the £900 payment from his cousin or another £1,460 which he says was his salary. He asked for an ombudsman's decision.

The matter was then passed to me to decide.

### **What I've provisionally 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.

It might be helpful if I start off by explaining that our service doesn't punish or fine businesses, and it's also not our place to say that a procedure the business follows is incorrect. Only the industry regulator, the Financial Conduct Authority (FCA), can do this. Businesses have legal and regulatory obligations they have to meet and they have processes in place in order to meet these obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. To comply with its obligations Santander may need to review an account and/or restrict its customers' access to accounts and funds held within them. So, our role in cases like this one, is to look at whether the business has followed its own internal procedures correctly, while also meeting its legal and regulatory obligations.

Santander blocked Mr M's accounts in February 2022 and decided to end its business relationship with him in December 2022. No notice was given before the accounts were closed and Mr M was told they would be closed immediately. From what I have seen, I don't think Santander acted unreasonably in reviewing the accounts. As mentioned above, it has ongoing legal and regulatory obligations, and this means that in order for it to comply with those it may need to review its customers' accounts from time to time which may lead to an account being closed. And, it doesn't need to give notice that it is reviewing an account.

Mr M wants the funds left in his current account, which come to around £3,300 returned to him. He's said that most of this is money he has earned through work and transferred from his own accounts or is money that belongs to his cousin. Santander asked Mr M to provide proof he is entitled to that money.

I can see that Santander has clearly explained this to Mr M. So, I'm satisfied that Mr M understands what he needs to do in order to satisfy Santander's request. I'm also satisfied that Santander has these processes in place in order to comply with its legal and regulatory obligations when providing accounts to customers. So, I can't say Santander has done anything wrong by asking Mr M to provide this evidence.

I appreciate that Mr M has supplied Santander with a number of documents in March, April, May, June and September 2022. And that not having access to the funds has made things difficult for him financially. Santander has confirmed that the documents provided by Mr M to date aren't acceptable though it has agreed to release his child benefit payments to him. Having looked at the documents I don't think that's unreasonable.

As I said above Mr M was providing documentation up until September 2022. But each time it was rejected by Santander. Santander didn't decide to end its banking relationship with Mr M until December 2022. I think this decision could have been made earlier. Nevertheless,

*as I agree with Santander in that I don't think the documentation was sufficient I will not award any compensation in relation to this.*

*As I said above Santander released one payment to Mr M which was in relation to child benefits payments. This was released in May 2023, around five months after the account was closed. As Santander accepts that Mr M is entitled to this payment and that he was, presumably, always entitled to it I think it held on to those funds longer than it should have and I think this caused Mr M a loss as he had no access and wasn't able to use those funds.*

*So I think that Santander should pay interest on this amount and that the interest should be calculated from the point Mr M lost access to this money. The account was blocked in February 2022 and not closed until December 2022. I think the interest should be calculated from the date the account was blocked, in terms of the payments that were already in the account. Further payments entered Mr M's account on a weekly basis after the account was blocked. For those payments Santander should calculate the interest from the date each payment was paid into Mr M's account to the date it was refunded to him. I think this represents fair compensation for the loss Mr M suffered.*

*At the time when Mr M complained to us Santander hadn't closed his account, but it has since. Our investigator has looked at the reasons why the account was closed with immediate effect and thought this was fair and reasonable. Santander is relying on its terms and conditions which say that it can close an account immediately in certain circumstances. I have considered its reasons for doing so and I think it acted fairly and reasonably in the circumstances. I appreciate this was a difficult time for Mr M but as I think the immediate closure was fair, I'm not considering awarding him any compensation in relation to this."*

My provisional decision was that Santander should pay 8% simple interest per year on the £1,693.85 payment. The interest was to be calculated from the date the account was frozen, for the payments already in the account, and for subsequent payments from the date each payment entered the account; to the date it was paid back.

Santander didn't respond to my provisional decision and as the deadline has now passed, I have decided to proceed with my final decision.

Mr M responded and made some further comments. He said that:

- If there was no conclusive evidence of fraudulent activity it would be best for him to take legal action through the courts.
- The prolonged account blockage resulted in significant financial hardship and affected his ability to provide for his dependents.
- He went to a branch with his cousin with all the necessary paperwork, but Santander still didn't agree to return the £900.
- He received benefits payments on behalf of his uncle, and this is something he is allowed to do as his uncle doesn't have a bank account.

Our investigator responded to Mr M to say that, based on the information provided, my final decision was likely to provide the same outcome as my provisional decision. When a final decision is accepted it becomes legally binding so if he was planning on taking the matter to court, he would have to get independent legal advice on whether he could raise the same issues that he raised with us again in court. She also said that if a final decision is rejected it is not legally binding and also gave Mr M the option to withdraw his complaint. Mr M responded to say he wanted to carry on with his complaint and for me to issue my final decision.

## **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.

Mr M's further comments don't, in my view, raise any new points or anything that would make me change any of the findings I made in my provisional decision. In my provisional decision I acknowledged the impact the account being blocked had on him but ultimately, I felt that Santander's decision to block and close the account was fair and reasonable and I provided my reasons for this. I also acknowledged that Mr M provided documentation to Santander numerous times in relation to a number of payments made into his account, but I didn't think it was sufficient. But as I explained I thought his child benefit payments could have been returned earlier and for that reason I thought Santander should add interest to the payment it already made to Mr M.

The rest of my views on the complaint as set out provisionally have not changed. My provisional findings along with any further comments here are now the findings of this my final decision.

## **My final decision**

For the reasons above, my final decision is that Santander UK Plc must pay 8% simple interest per year on the £1,693.85 child benefits payment. This payment was made up of smaller payments that were paid into Mr M's account on a weekly basis. For payments that were in the account already, interest should be calculated from the date the account was frozen to the date they were paid back. For payments that entered the account after it was frozen, interest should be paid from the date each payment entered the account to the date it was paid back.

If Santander UK Plc considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr M how much it's taken off. It should also give Mr M a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

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

Anastasia Serdari  
**Ombudsman**