

## The complaint

I, a limited company complains that Santander UK Plc unfairly blocked and closed its bank accounts.

I's complaint has been brought to our service by its director, Ms B.

## What happened

I had a current account and savings account with Santander.

Ms B says she used the account to receive payments from customers she was helping invest in cryptocurrency.

In December 2021, Ms B received a payment of £1,000 into I's current account, from an individual I will refer to as H. After the payment had been received, Santander received a notification from H's bank that the £1,000 paid into I's account was fraudulent. As a result of this information Santander reviewed I's accounts and wrote to Ms B on 6 December 2021, asking her to get in touch with them because it needed to speak to her about the activity on I's account.

Whilst it completed its review and waited for Ms B to get contact with them Santander restricted I's accounts. This meant I couldn't use its accounts. Following its review Santander returned the £1,000 payment to H's bank so that they could refund H. Because it hadn't heard from Ms B, on 4 January 2022, Santander decided to close I's accounts immediately and wrote to Ms B to let her know she'd need to make alternative banking arrangements for I and repay any money owed.

Ms B complained to Santander. She said she had responded to the letter Santander had sent her asking for information and had uploaded documents on 24 December 2021. She explained that she hadn't done anything wrong and was upset that the bank had decided to close I's accounts and withdraw the overdraft facility on I's current account.

Santander reviewed everything and discovered that the information Ms B had submitted had been missed and not picked up by the bank's fraud team. This was because it had been mistakenly uploaded to Ms B's husband's profile with the bank instead of I's. Santander apologised and said it would look at everything again.

Following this, on 10 January 2022, Santander said it had changed its mind about closing I's accounts and paid Ms B £100 compensation for the inconvenience caused by closing I's accounts. Santander reopened I's accounts and reinstated the overdraft on I's current account. Ms B wasn't happy with this outcome and complained again to Santander.

In response, Santander said it hadn't done anything wrong when it had blocked I's accounts and had done so in line with its legal and regulatory obligations. However, it accepted it had got things wrong when it had missed the information Ms B had provided. Santander paid Ms B a further £150 compensation for the inconvenience this caused.

Unhappy with this response Ms B brought I's complaint to our service. She said that the amount of compensation doesn't adequately reflect the inconvenience and upset she was caused. She said she had to go to the trouble of opening a new bank account and had missed direct debit payments. She also said that she missed out on business as she wasn't able to receive money from clients. And that Santander shouldn't have blocked I's accounts. So, she wants more compensation.

One of our investigator's looked into I's complaint and asked Ms B to provide more information about how Santander's actions had impacted the business. In response, Ms B sent in a letter from another bank that suggested she'd opened a new account, and copies of letters she'd received from Santander about reopening I's accounts. After reviewing everything, the investigator said that Santander had done enough to put things right. So, she said she wasn't going to ask the bank to do anything further.

Ms B disagreed and asked for an ombudsman to review her complaint. So, 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.

I'll start by setting out some context for why Santander reviewed I's account. Santander are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime.

Fraud is a serious matter, and one way financial businesses and banks can help to tackle fraudulent payments is by restricting accounts when allegedly fraudulent payments are received into them. And that's what happened here. I should also add that Santander is not required to prove beyond reasonable doubt that Ms B is guilty of a fraud of financial crime before it decided to block I's accounts and carry out a review.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for Santander to initially block I's accounts. Santander has explained that this was its standard procedure, and I accept that it was. I'm satisfied that in doing so Santander were complying with its legal and regulatory obligations. Doing so also enabled Santander to consider how best to react to the information it had received from the sending bank about the money that had been paid into I's account from H. So, whilst I accept, Santander's actions caused I inconvenience when it first blocked, its accounts, I can't say it did anything wrong and treated I unfairly in doing so.

After it had blocked I's accounts, Santander wrote to Ms B asking her to get in touch about the activity on the accounts – it wanted to speak to Ms B about how she was using the accounts and the £1,000 that had been paid in by H. Ms B responded by sending Santander information including communications she says she'd had with H, and about how she was using I's accounts to teach people how to invest in cryptocurrency.

Unfortunately, Santander missed the information Ms B provided because it mistakenly uploaded it to Ms B's husband's profile instead of I's. Santander has accepted the service it provided Ms B fell short and that as a result of it missing the information Ms B sent to them it unfairly blocked and closed I's accounts. To put things right, Santander has reopened I's accounts and reinstated the overdraft facility on I's current account. It has also offered Ms B

£250 compensation for the inconvenience this caused. So, the only remaining issue for me to decide is whether the amount of compensation offered is fair and reasonable.

I think it's important here to establish the complainant is I – the limited company. A limited company is a distinct legal entity to that of the directors. So, when considering this complaint, I can only consider any losses and inconvenience to I, rather than to the directors personally.

Ms B has explained that she is seeking more compensation to resolve I's complaint. She has said that she wasn't able to receive payments from clients and had missed direct debts. But she hasn't provided any evidence to support these losses and missed payments. So, it wouldn't be fair of me to ask Santander to pay additional compensation for something there is no evidence of.

Having looked at the circumstances of this complaint and what Ms B has said about how the matter has impacted Ms B's business, I think it's fair to say that Santander's actions caused I inconvenience. And I agree that compensation is appropriate for this. I say this because Santander blocked I's accounts for longer than necessary, and then closed the accounts. This meant Ms B had to go to the trouble of opening another account and waiting for Santander to reopen its accounts.

However, I consider the £250 compensation already paid by Santander is fair and proportionate for the inconvenience that I was caused. In reaching this conclusion I've kept in mind that Santander has reopened I's accounts, and reinstated the overdraft facility on I's current account, so this puts I back in the position it would have been in had Santander not closed the accounts. I'm also satisfied that Santander did this reasonably quickly – within six days. And that Ms B hasn't provided any evidence of any losses I suffered during this time.

So, while Ms B may disagree with me, I'm satisfied that the compensation already paid by the bank recognises the impact Santander's actions had in the overall circumstances of this complaint. So, I won't be directing Santander to pay any more.

### **My final decision**

For the reasons I've explained, my final decision is that I do not uphold this complaint. That's because I think Santander UK Plc has done enough to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask I to accept or reject my decision before 9 April 2024.

Sharon Kerrison  
**Ombudsman**