

## The complaint

C complains that Santander UK Plc blocked its business account without notice. It would like compensation.

C is represented by its senior partner Mr D.

## What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In summary C had a business current account with Santander. In June 2022 Santander contacted C's three partners to ask them for information to satisfy their due diligence checks. On 20 June 2022 Mr D spoke with Santander and answered some questions. On 26 July 2022 Santander blocked the account. It wrote to Mr D at his home address to let him know that they had blocked C's account. Mr D has said this was an error on Santander's part and they should have written to the business address.

Mr D says he became aware of the restrictions on C's account on 1 August 2022 when he wanted to pay a supplier.

Mr D called Santander and sent them the documents they requested. Santander chased C for the outstanding information regarding source of funds, however Mr D was unwilling to provide this. He has said he thought the questions were intrusive and unnecessary.

On 9 August 2022 Santander unblocked the account to allow 14 days to provide the outstanding information.

On 1 September 2022 C's partners were called again by Santander staff. Santander said C hadn't answered all their questions. Mr D contacted Santander.

Santander blocked the account again on 24 October 2022. The account remained blocked until 17 January 2023, when Santander unblocked the account.

Mr D has said no new information was provided to Santander during the second block.

Santander have said they unblocked the account because they applied their discretion. Mr D says he only found out about the account block being lifted when our investigator told him on 21 June 2023.

Mr D raised a data subject access request (DSAR) following the first block on the account. He says the information provided by Santander is incomplete.

Mr D told us he had received poor customer service from the staff at Santander. He also was specific that he didn't want Santander contacting the other partners and all requests for information should come to him. However, Santander persisted in contacting the other partners.

Mr D told us that the block on the account caused a lot of issues with the business including loss of reputation as the partnership had to use a personal account to continue trading. Mr D has asked for compensation for the time it has taken him to try and sort things out with Santander and pursue this complaint.

One of our investigators looked at the complaint. She thought Santander were entitled to ask the questions that they had, as they were complying with their legal and regulatory obligations. The blocks imposed on 26 July 2022 were reasonable. She thought the second block on 24 October 2022 which Mr D found out about on 9 November 2022 were not reasonable and awarded compensation in the form of interest at 8% simple for not being able to access the funds in the account from 9 November 2022 to 21 June 2023.

She thought Mr D should contact the information commissioner (ICO) if he didn't think Santander had complied with the DSAR.

She awarded £500 compensation for the bank errors and inconvenience caused.

Mr D was unhappy with the view. He said he wanted Santander to apologise for having blocked the account. He thought because Santander had unblocked the account without any further remedial action by C, it meant Santander had frozen the account for no good reason in the first place.

Mr D was also unhappy with the compensation amount.

Santander were also unhappy with the view. They said they were entitled to ask C for the information and ultimately C hadn't provided the information that was required. Santander had decided to exercise their discretion in order to allow C access to its account. Santander thought C should have attempted to call Santander to find out the status of the account

As there was no agreement the matter came to me, and I issued a provisional decision.

In my provisional decision I said:

*I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything that Mr D representing C and Santander have said before reaching my decision.*

*Mr D has made a number of quite detailed submissions. I've considered all of these, but I don't believe it's necessary to address each and every point that Mr D has made in order to meet my statutory duty to determine his complaint. I'm required to do that with minimum formality, and so I'll address the issues that I consider to be the most important. I do stress however that I've considered everything that Mr D and the bank have said before reaching my decision.*

*Mr D has said that the evidence that has been provided to us by Santander is partial and incorrect evidence. He has said that Santander has deliberately falsified the evidence provided to us, for example they have redacted some of the calls and haven't provided us*

*with others. Mr D has said that this amounts to perjury and contempt of court and Santander's evidence shouldn't therefore be considered.*

*Mr D is aware this service is not a court, and we don't have the same rules of evidence that a court has. Our service is a dispute resolution service. It offers a resolution of disputes in an informal context. We cannot cross examine witnesses in order to test the evidence. The allegations Mr D has made are very serious allegation. If he believes that Santander have in fact tampered with the evidence, then he may find that what our service can offer him by way of providing an outcome to his dispute, isn't what he needs. And he might want to consider a different forum for the pursuit of this complaint, but I can't advise him on this.*

*Having said that I can't see what would be gained by Santander deliberately falsifying evidence. It is my role to weigh the evidence submitted by both parties and come to a determination on the balance of probabilities. I accept Mr D would want me to put aside Santander's evidence because of what he calls the falsification of evidence. But I don't think I need to do that in order to arrive at a fair and reasonable determination of this complaint.*

*I consider that this case is in great part about whether Santander acted fairly in blocking C's account so I will deal with that issue first.*

*Mr D has vast experience and knowledge of financial services so may find the way I've expressed things to be too simplistic. However, I'm aware that our decisions are published, and our answers have to be accessible to all. So, I have taken this into consideration when I've written my decision.*

*First account block 26 July 2022 to 10 August 2022*

*I'll start by setting out some context for the review of C's account. As Mr D is aware, UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. I am satisfied Santander were complying with these obligations when they reviewed C's account and asked Mr D to provide information about how he was operating his accounts and other information to comply with their due diligence requirements.*

*The account was blocked on 26 July 2022. Santander requested information from Mr D to complete due diligence and as part of the know your customer requirements (KYC). Mr D didn't provide all the information that Santander required.*

*Mr D has maintained that Santander were asking questions that were intrusive, not relevant and unnecessary, considering that they had been customers of Santander for 20 years and had a proven track record and that is why he refused to answer them. He says there is no set of questions that have to be asked and answered but that each bank has an element of latitude in what questions they ask to satisfy themselves of their KYC requirements.*

*I appreciate that Mr D is saying that it's for the bank to decide how they will carry out these due diligence requirements and that the methods used aren't prescriptive, so he says that Santander have to be held liable for the questions they posed. He is of the view the questions went above and beyond what was necessary to carry out the required due diligence checks. And he suggests Santander were breaching data protection legislation by requesting information that isn't necessary. Mr D has referred to this as data gathering. Mr D says the financial institution are still required to carry out the process in a fair, reasonable and proportionate way.*

*I thank Mr D for his comments. But I have to look at things from both sides. Santander has important legal and regulatory obligations that it has to carry out, and they risked being penalised if they failed to do so. I appreciate that Mr D may feel he didn't represent a regulatory risk whereas they were treated as such by Santander. However, in conducting their KYC review Santander is entitled to request additional information. And although I acknowledge Mr D's comments that the bank were data gathering and exceeding its requirements, I don't think it follows the bank was restricted from going further if it wished. As a financial institution Santander isn't able to assume the answers to potential questions will be satisfactory to them. And ultimately, I think the information it requested was legitimate.*

*Overall, I've kept in mind that Santander are obliged to have in place effective measures and procedures to ensure they comply with their legal and regulatory obligations. Santander were entitled to put in place their own internal procedures to ensure such compliance. And it's not my role as an Ombudsman to direct Santander as to how they should meet their KYC obligations.*

*I can't fairly say the bank wasn't entitled to ask for such information it determined it needed to satisfy itself it had carried out the regulatory obligations required of it.*

*If Mr D feels that Santander have overstepped their ambit, then he should refer them to their regulators, the FCA.*

*In summary having looked at the information provided to me. Santander is entitled to carry out due diligence checks on its customers and that is what it was trying to do when it asked Mr D for information. As Mr D refused to answer source of wealth questions then Santander blocked the account.*

*I am satisfied Santander were acting in accordance with their legal and regulatory obligations when they asked C for information and when they blocked the account whilst they reviewed it. I'm satisfied they didn't delay the review and in fact they unblocked the account even though they hadn't received all the information that was needed.*

*Mr D has said he wants an apology from Santander for the blocking of C's account. However, as I don't think Santander have done anything wrong when they blocked the account, I won't be asking them to apologise to C.*

*Second account block 9 November 2022 to 17 January 2023*

*Santander blocked the account again on 24 October 2022, but Mr D didn't find out until 9 November 2022.*

*Following the unblocking of the account on 10 August 2022, Santander was still concerned that information hadn't been provided to complete the due diligence check. Santander contacted C and they sent a letter dated 5 September 2022 informing C that the account would be blocked on 16 September 2022 if C didn't make contact with them.*

*Mr D did contact Santander, so no action was taken at that time. But Santander blocked the account again on 24 October 2022.*

*Both Mr D and Santander have confirmed that Mr D didn't provide any further information to Santander regarding their previous questions or requests.*

*Santander unblocked the account on 17 January 2023. I haven't been able to establish what Santander were reviewing during the period between 9 November 2022 and 17 January 2023 as all the previous information had been reviewed and Mr D hadn't provided new*

information. Although from notes it appears that some of the documents that Mr D had provided to his local branch were uploaded to the system on 19 November 2022.

The investigator thought that Santander weren't justified in blocking the account for a second time and Santander haven't been able to provide this service with enough information to satisfy us of the reasons for the second block. Even though I accept that Santander hadn't been provided with all the information it needed in the first place. But Mr D had been clear that he wasn't going to provide anything further. Santander should have considered whether they were happy to accept the risk of having C as their customer without having been provided the answers to all its questions or to decide to exit the customer. However, continuing to block the account was not a reasonable option. So, I agree with the investigator that the second block is unfair, and C should receive compensation for not being able to access the funds in its account at 8% simple interest from the date Mr D was aware of the block being 9 November 2022. As C weren't made aware that the account was unblocked until June 2023. Interest should be paid until then.

Santander have said that C should have checked if the account was operational, but I disagree. I think it was Santander's responsibility to let its customer know that the account blocks had been lifted.

I accept that Santander weren't provided with the complete answers they wanted by Mr D but that was the case from 10 August 2022, and they decided to unblock the account. I note that C have been customers of Santander for over 20 years. Santander have said they used their discretion when they decided to unblock the account in January 2023. Santander decided to unblock the account thereby accepting the risk of having C with incomplete KYC information as a customer of Santander. In my view they could have made that decision in August 2022.

It appears that there was a delay in uploading the information Mr D provided to his branch in August into the system. It appears that Santander uploaded these in November 2022. The notes are clear that the asset information is still missing. So even if Santander were reviewing information after November 2022, this is information that had been supplied in August 2022. And C shouldn't be prejudiced by the delay in uploading documents provided by Mr D to his branch in August 2022.

I can see why Mr D may feel that the original block was unjustified, why didn't Santander decide to give Mr D the benefit of the doubt originally. However, as I've said Santander have to comply with their legal and regulatory obligations and that involves asking their customers KYC information. As I've said I don't think Santander acted unfairly when they blocked C's account originally as their CDD questions weren't answered as fully as they needed.

I'm aware that Mr D's basic premise is that Santander aren't entitled to ask the questions that they did. And therefore, they aren't entitled to block C's account because Mr D didn't answer some of their questions. But as I've said I can't decide that Santander's questions are wrong or too intrusive, so I know Mr D will be disappointed with my conclusion here

Customer service issues.

Mr D was unhappy that Santander had sent him a letter informing him of the block on the account on 26 July 2022 and that the letter had been sent to his home address and not the business address. Although I appreciate this was an error on Santander's part, I don't think this had a significant impact on Mr D and it certainly didn't preclude C from pursuing the complaint, so I won't be asking Santander for compensation here.

Mr D has complained about the interactions he had with the customer service team at

*Santander. He has said they were rude to him, and he was given misleading information about who required the information being sought.*

*I have listened to all the calls on file. I am aware that these are not all the calls that took place between Santander and Mr D. I am also aware that the call recordings also do not represent the true length of these calls, as Mr D has mentioned that he had very long waits of over an hour to get put through to a representative. And in a lot of the calls I have listened to, he then had to wait to be put through to a different team. Having listened to the calls on file I can hear the frustration in Mr D's voice, and I can understand why he was frustrated. On some occasions he had to go through security again, having gone through it once before, having to wait and be transferred eventually to a different department.*

*As I've said I haven't had access to all the calls that Mr D made to Santander, or the calls Santander made to C. But from what I've seen I accept that calling Santander or trying to get information from them during this period was fraught with difficulties. I can understand how frustrating it was for Mr D trying to get through to someone who might be able to answer his questions about the information that was being required. As I've not been able to listen to all the calls, I've taken the approach that they were mostly similar in content and length as the ones I've listened to. The calls I have been able to listen to give me a flavour of the frustration and difficulties encountered by Mr D in trying to understand the reason for the questions and the extent of the questions. Mr D was concerned at times whether he was in fact talking to Santander so was reluctant to answer some security and identity questions. In other calls I have listened to, he is too frustrated to go through security or provide the answer to basic security questions. I accept his frustration is increased because firstly having owned a FCA regulated business he has greater understanding of the issues and secondly his health conditions which he has informed us and Santander of. So, I accept all this added to his frustration.*

### *Impact*

*Mr D has told us how the block in the account affected the business and how much time Mr D spent pursuing the complaint. I have listened to the calls provided to me and I am aware that Mr D had a very long and frustrating wait time on most occasions and having to go through security every time he was put through to a new department.*

*Mr D provided us with an estimate of the costs incurred by him at the time of writing in June 2023 and he told us he normally charges his time at £200 per hour to his own clients. His estimate at that time was £4,840.00. Mr D has since told us that he has spent 33 hours pursuing this complaint.*

*Mr D also told us how the block on the account affected C, as they tried to continue trading using personal accounts. He has mentioned this issue has reflected badly on the business and on the partners personally. He says they have made alternative arrangements to pay and receive payments and this resulted in complications with C's accounts.*

*I accept Mr D has spent a considerable time pursuing this complaint. We don't compensate on an hourly basis when deciding the amount of compensation, but I have considered the overall impact on the business. Having considered all the information about this complaint I consider that £750 compensation is fair. In deciding on this amount, I have taken into account all the circumstances of this case. But I'd like to mention that Santander were entitled to block the account originally and ask the questions they did. But I've balanced this with the fact they blocked the account again when no information was left to review. I've considered the frustrating and long phone calls and the effect on the business. All this caused significant inconvenience and worry that lasted over many weeks. However, I know Mr D will be disappointed with this amount*

## DSAR

*Mr D has said that Santander haven't provided him with all the information he requested as part of the DSAR.*

*We do have jurisdiction to look at this aspect of the complaint. I accept that Mr D hasn't received the information he requested and although I accept this is annoying, I don't think it has stopped Mr D from pursuing this complaint or this service from investigating this case. I appreciate Mr D may want Santander's failures to be investigated more fully and I think the ICO is best placed to do this. However, I recognise that Mr D hasn't been provided with all the information that he requested in a timely manner. The ICO is unable to provide individual compensation in situations where a DSAR hasn't been complied with fully or in a timely manner. However, as a service we can take this into consideration. C should receive compensation of £200 for the failures to provide it with the information that it requested.*

## Compensation

*In total I'm awarded £750 compensation for the failures in customer service and the impact on the business and £200 for the failure in providing DSAR information in a timely manner. I appreciate Mr D may not consider the amount of compensation sufficient as our awards are modest.*

*I also consider C should receive 8% interest on the funds in its account for the period the account was blocked the second time, mainly, 9 November 2022 until C was informed of the account blocks being lifted.*

*I know it is tempting for Mr D to consider that we should try and punish Santander for the way that it has treated C, but our remit isn't to punish but to put right any errors that have been made. I accept that Mr D won't agree that Santander were entitled to carry out the questioning that it did, so I'm sure he will be disappointed in this provisional decision.*

## Replies to my provisional decision

Santander have accepted my provisional decision.

Mr D on behalf of C has said he is disappointed with the findings I have reached. He has said Santander didn't obtain any further information that they didn't already have and so he doesn't think the blocks were justified. He still maintains Santander tampered with the evidence they provided. He would like to reserve the right to refer this matter to the FCA. For personal reasons he has nevertheless decided that C will accept the provisional decision.

Now both parties have had an opportunity to comment I can go ahead and 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.

I'd like to thank Mr D for his further comments. On further review I'm satisfied that Santander were entitled to block the account in order to comply with its legal and regulatory obligations. In relation to his comment regarding the falsification of evidence provided by Santander, this is a serious allegation, and I haven't seen any evidence of any one at Santander who is deliberately misleading or withholding information from this service. I accept that some of the

calls have been redacted and others haven't been provided, but I wouldn't class this as falsification. Nevertheless, considering the evidence I have been provided by Santander in the format that it has been provided to me, I am still satisfied that I have sufficient evidence to reach a fair and reasonable outcome, which is what I have done in this case. I accept Mr D may wish to contact the FCA about his case and that is a matter for him.

Finally, I am sorry to hear of Mr D's health issues.

In summary I thank Mr D for his submissions which I have considered in full. Having reviewed all the information received by both parties and their responses to my provisional decision I see no reason to depart from my original provisional findings. I remain of the view that this complaint should be partially upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

### **My final decision**

For the reasons I've given, I partially uphold this complaint and direct Santander UK Plc to pay C

- £750 compensation for the failures in customer service and the impact on the business.
- £200 for the failure of providing DSAR information in a timely manner.
- 8% interest on the balance in the account from 9 November 2022 until C was informed the account block was lifted on 21 June 2023.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 30 July 2024.

Esperanza Fuentes  
**Ombudsman**