

The complaint

Mr P complains that Santander UK Plc unfairly blocked and closed his account. Mr P is also unhappy that Santander took too long to release funds held in his account back to him, which caused him trouble and upset.

What happened

Mr P had a current account with Santander.

In early June 2023, Mr P authorised Santander to make a payment of just over £230,000 from his account. Mr P has explained that this was to fund a property investment.

Following this, on 9 June 2023, in order to comply with its legal and regulatory obligations, Santander reviewed L's accounts. Whilst it completed its review Santander blocked the account – which meant Mr P couldn't access any of the money in it. At the time the total balance of the account was over £100,000.

Mr P has explained that that not being able to access the funds in his account meant he couldn't pay for everyday essentials such as food, water, and petrol. He's said that he has a young family to provide for and also had to borrow money from a relative and his ex-wife to fund a holiday that he'd booked before he lost access to his account. Mr P says that Santander's actions ruined his family holiday and caused him a great deal of anxiety.

Mr P contacted Santander on several occasions throughout June 2023, to try and find out what was happening with his account and the reasons behind the bank's actions. Santander didn't provide Mr P with much information and said it hadn't done anything wrong and had acted in line with the terms of the account and relevant regulations.

Following its review, in August 2023, Santander decided to close Mr P's account immediately. Santander wrote to Mr P to tell him he'd need to make alternative banking arrangements and issued a cheque for the closing balance. However, Mr P wasn't able to cash the cheque until September 2023, when he returned from his family holiday.

Mr P complained to Santander. He said that the blocks on his account had made life very difficult for him. He said he had provided information to the bank about how he operated his accounts previously so he could see no reason why his account had been frozen. Mr P said that the bank had taken too long to complete its review and release the funds in his account.

In response, Santander said it hadn't done anything wrong when it had blocked and reviewed the account. It said it had done so in order to comply with its legal and regulatory obligations. Santander also said that it had closed the account in line with the terms and conditions. The bank also explained that it hadn't caused any delays in releasing the balance of the account back to Mr P.

Mr P wasn't happy with the bank's response and brought his complaint to this service. Mr P explained that the restrictions on his account and waiting for the balance to be released had

caused financial problems and ruined his holiday. Mr P said he was forced to borrow money from family and friends to get by, and his bills went unpaid. So, he said Santander should pay him compensation for the upset and inconvenience caused by Santander blocking and closing his account. And holding onto his money for too long.

One of our investigators reviewed the complaint. She thought Santander hadn't done anything wrong when it blocked Mr P's account. She said Santander had acted in line with their legal and regulatory obligations. However, she said Santander took too long to complete its review and could've done things much quicker. She also said that Santander should have given Mr P more notice when it had decided to close his account. So, she said Santander should pay Mr P interest for loss of use of his funds in his account, along with £150 compensation for the distress and inconvenience.

Santander disagreed. It said it had been complying with its legal and regulatory obligations when it had blocked and reviewed Mr P's account. It also said it hadn't caused any delays in releasing Mr P's account balance.

Mr P also disagreed. He said that the amount of compensation doesn't adequately reflect the inconvenience and distress he suffered. He provided evidence that as a result of his account being frozen, he had to borrow money to pay for everyday living expenses and fund the costs of his family holiday, which had been booked before his account had been blocked. He also said he had to instruct lawyers to get the bank to release his money, so he wants his legal costs of around £5,000, refunded.

As no agreement could be reached the complaint came to me to decide. After considering all the evidence and circumstances I came to a different conclusion to the investigator. I set these out in a provisional decision which said the following:

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Santander has treated I fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

As the investigator has already explained, Santander has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other financial harm.

Santander will review accounts to comply with these responsibilities. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review - doing so helps prevent potential financial loss or other harm that could otherwise result.

Having reviewed all the evidence, including the information Santander provided in response to the investigator's view, I'm satisfied that Santander were acting in line with its legal and regulatory obligations when it restricted Mr P's account in June 2023. I understand not having access to his account caused Mr P distress and inconvenience, and Mr P wants to be compensated for this. But it wouldn't be appropriate for me to award any compensation since

I don't believe Santander acted inappropriately in taking the actions that it did when it blocked and reviewed Mr P's account.

I've also considered the basis for Santander's review, which I find was legitimate and in line with its legal and regulatory obligations. So, I'm satisfied Santander acted fairly by blocking Mr P's account and had no obligation to tell Mr P the basis of its concern or forewarn him of its intention. So, whilst I accept, the bank's actions caused Mr P a good deal of worry and inconvenience I can't say Santander have done anything wrong when it decided to review and block his account.

I understand that Mr P wants Santander to explain the reason it applied the block to his accounts in the first place. And I can see that Mr P asked Santander to explain itself on several occasions. But Santander doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr P the reasons behind the account review and block, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr P this information. And it wouldn't be appropriate for me to require it to do so.

While Santander are entitled to carry out a review, we'd expect them to do so in a timely manner and without undue delay. I recognise the overall time Santander took to complete its review and release Mr P's funds was just under two months. But I do not consider that it would be right for me to conclude it should not have taken in excess of any particular or specific timeframe. Because the bank was entitled – as a matter of principle – to do what it did. I'm also satisfied from looking at the available information that Santander were proactive in completing its review from the time it blocked the account. So, I can't say Santander has treated Mr P unfairly in taking the time it did to complete its review.

I can see that when Santander closed Mr P's account it sent Mr P a cheque for the closing balance in August 2023. However, Mr P wasn't able to cash the cheque until September 2023, due to being overseas on holiday. Mr P has argued that this was far too long and had a severe impact on him financially. So, I've looked at what was happening that might explain why it took as long as it did for Santander to return the funds to Mr P.

Having done so, I can see that Santander were completing administrative processes in order to comply with its legal and regulatory obligations so that it could release the account balance. And Santander has rightly pointed out that this was a process that had to be completed – if it didn't do so the bank could face serious penalties.

I've also kept in mind that Santander, had sent Mr P a cheque when it closed his account, but Mr P was overseas so couldn't cash them for around another month. I don't think it would be fair to hold Santander responsible for Mr P being unable to cash these cheques, which contributed to the delay in Mr P receiving his funds. Overall, having looked at all the circumstances, I'm not satisfied that Santander have done anything wrong in taking the time it did to release Mr P's money, so I won't asking them to do anything to resolve this aspect of Mr P's complaint.

I'll next deal with Santander's decision to close Mr P's account. Sometimes following a review, a bank will decide to close an account. Santander is entitled to close an account with Mr P just as he is entitled to close his account with Santander. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

As long as they 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. But before Santander closes an account, they must do so in way which is fair and complies with the terms and conditions of the account. I've looked at the terms and conditions and they state that Santander could close Mr P's account by giving at least two months' notice. And in certain circumstances it could close the accounts immediately.

In this case Mr P wasn't able to use his account after Santander blocked it. So, I consider Santander closed Mr P's account immediately since he wasn't able to use the account following the block. For Santander to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, I'm satisfied that Santander has complied with this part.

I've then gone on to consider whether the bank's reasons for closing the account was fair. This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Santander has provided some further details of its decision making process, I'm sorry but I can't share this information with Mr P due to its commercial sensitivity. But I've seen nothing to suggest Santander's decision around closing Mr P's account was unfair.

In summary, it's clearly caused Mr P trouble and upset when Santander blocked and closed his account. And I appreciate it must have been a worrying and frustrating time for Mr P. So, I realise he will be disappointed by my provisional decision. But having looked at all the evidence and circumstances of this complaint, I don't intend to uphold Mr P's complaint.

Santander didn't respond to my provisional decision.

Mr P didn't accept my provisional decision. In summary he said Santander has treated him appallingly and that he should be given the information the bank has relied on to close his account.

Now both sides 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.

As neither party has provided anything new for me to consider, I see no reason to depart from my provisional findings. I remain of the view that this complaint should not be 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 explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 19 June 2024.

Sharon Kerrison
Ombudsman