

The complaint

Mr D has complained that Santander UK Plc ('Santander') blocked and then closed his accounts without notice. He said this caused him a lot of inconvenience and impacted him financially, something he'd like to be compensated for.

What happened

Mr D had a number of accounts with Santander for many years, including three current accounts and a credit card account. He'd also not long opened an Individual Savings Account (ISA) with it which had a balance of around £10,000.

In May 2023 Santander decided to close all of Mr D's accounts without notice. Mr D said that his issues with Santander started in April 2023 when he had trouble accessing his accounts online. Mr D said Santander told him it had reviewed his accounts and had decided to close them and that it couldn't provide reasons for its decision.

Mr D said he was concerned he would lose the tax benefits he got from his ISA, so he tried to transfer it back to the building society it was previously with. But he says Santander refused to say the ISA was closed in error, so he wasn't able to reinvest that money back in an ISA.

Mr D complained to Santander in June 2023. He was unhappy his accounts had been closed without notice and said that he'd been in touch with Santander a number of times and had been given contradictory advice about whether the accounts were blocked or not. He said when he spoke to Santander's fraud team directly to try to get an explanation, he didn't get one and wasn't given any timescales either. He said he'd done nothing wrong, and that Santander was acting against its terms and conditions.

Mr D told us that his complaint was acknowledged by Santander but its full response wasn't provided till later. He said he had to keep chasing Santander for a response. In August 2023 he was told his complaint had been closed. Mr D said he was then sent a copy of Santander's final response letter dated 28 June 2023 which he found confusing as he had previously received a letter dated the same date where Santander said its investigation was taking longer. He said Santander didn't provide an explanation for this.

In its final response Santander said the accounts had been closed and that cheques in respect of any account balances had been sent out to Mr D. It said it was acting in line with its terms and conditions when it closed the accounts.

Mr D then asked to know the specific reasons which led to his accounts getting closed and also asked who his personal information had been shared with. Santander said that information was sensitive and again referred him to its terms and conditions.

Mr D then brought his complaint to us. He said the crux of his complaint is the closure of his accounts without justification. He said that he suffered significant financial losses and will potentially suffer more in the future especially in relation to his failed ISA transfer. He said he missed several direct debit payments and standing orders and that he couldn't pay his wages on time. He added that he had to spend a lot of time trying to contact Santander including visiting its branches which meant he had to take time off work and lost earnings as a result. He told us that Santander's actions also caused him a lot of distress and inconvenience. He didn't think Santander had provided him with any support or that it treated him fairly.

Mr D said he wanted Santander to reopen his ISA account temporarily so he could arrange for it to be transferred elsewhere and maintain its tax-free status. If not, he wanted to be compensated for the losses he will suffer, which he estimates to be around £23,000, taking into account inflation. He also wanted to know if Santander's actions will impact him in the future as well as who his details/details about this investigation had been shared with. He added that he wanted further compensation for the distress and inconvenience the immediate closures of his accounts caused him and also for the poor service he received as well as a written apology. He said he'd be happy to provide any information required from him.

One of our investigators reviewed the complaint but she didn't think it should be upheld. She thought Santander was acting within its legal and regulatory obligations when it blocked and then closed the accounts. She also didn't think it had to provide its reasons for doing so.

Mr D didn't agree and asked for an ombudsman's decision. He reiterated that he had done nothing to warrant the immediate closures. He also said that he had since found out that Santander did not search or add his details on a fraud database which he thought would have been the case if it had fraud concerns. He also said that he wanted his ISA account to be reopened so it could be transferred and that it was only opened a few weeks prior to the block and was within the cooling-off period. He said he had been treated unfairly and that there was no basis for the immediate closures. Mr D asked for an extension of a few weeks so he could provide additional information he was expecting from credit rating and fraud prevention agencies he had contacted.

Our investigator responded to Mr D and agreed to an extension of a few weeks. In relation to the complaint, our investigator said any benefits and services linked to the ISA stopped when the account was closed.

The matter was then passed to me to decide. We haven't received any further evidence from Mr D and the extension our investigator granted expired around three months ago. So I decided to proceed with my 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 want to start by saying that I have considered all the arguments and evidence provided by both parties, but in this decision, I will be referring to and focusing on what I consider to be the main points. No discourtesy is intended by this. We aim for our decisions to be as concise and as to the point as possible.

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 the funds as well as detect and prevent 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.

Santander's terms and conditions say that it can close an account by giving notice or with immediate effect in certain circumstances.

Having reviewed all the evidence, including the information Santander provided in response to the investigator's view, I'm satisfied that it was acting in line with its legal and regulatory obligations when it froze Mr D's accounts.

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, again, I'm satisfied Santander acted fairly by blocking Mr D's accounts.

Santander completed its review within a few weeks before deciding to close the accounts. I thought this was a reasonable timescale in the circumstances. As I said above this is something that it is able to do under its terms and conditions. And this isn't something we would disagree with as long as it has done so in a way which is fair.

Having looked at all the evidence and the terms and conditions I'm satisfied that Santander was acting fairly and reasonably when it closed the accounts with immediate effect. Santander has provided some further details of its decision-making process which, unfortunately, I can't share due to its commercial sensitivity. But I've seen nothing to suggest that Santander's decision around closing Mr D's accounts was unfair. So, I won't be asking it to reopen any of the accounts and I don't think it needs to issue an apology for this.

Mr D said at the core of his complaint is the fact that the accounts were closed immediately, without an explanation. I appreciate Mr D has found this very frustrating, but I don't think Santander is under any obligation to disclose to its customers what triggers a review of their accounts or what's led to them being closed. For this reason, I can't say that it's done

anything wrong by not giving Mr D this information. And it wouldn't be appropriate for me to require it to do so.

One of Mr D's main concerns was the loss of his ISA allowance. He has said that not being able to benefit from this using the money that was already in the account will cost him around £23,000 overall. He wants to be able to transfer the money that was in his ISA to another ISA or to be compensated for this loss.

I fully understand why Mr D is unhappy about the above. And though I have no reason to doubt what he has said about the potential losses he may suffer, this doesn't necessarily mean that I think Santander needs to compensate him for them. The reason I say this is because, as I said above, I don't think that Santander has acted unfairly or unreasonably in closing Mr D's ISA and his other accounts with immediate effect. And by closing the ISA account in this way, I don't think Santander was obliged to facilitate an ISA to ISA transfer. Its terms and conditions also say that it won't be responsible for any losses which result from the urgent closure of an ISA. It follows that I've decided not to award any compensation in relation to the ISA transfer.

Mr D said he wanted to know who Santander has shared his details with and was concerned about how the closure of his accounts would impact him. Santander said this is sensitive information and so it wasn't able to share it with Mr D. Having considered everything, I don't think Santander is obliged to provide this information to Mr D so I don't think it's been unfair or unreasonable here. In any event, since bringing his complaint to us, Mr D said that Santander didn't share his details with a fraud prevention agency that he'd contacted.

Mr D has described the impact the closure has had on him and the stress he was put under. He also said he had to spend a lot of time making other banking arrangements and contacting Santander including visiting its branches. I was very sorry to hear this and I appreciate that it must have been a difficult time for him. As I said above, I don't think Santander's actions, in these specific circumstances, went against its terms and conditions or its legal and regulatory obligations. It follows that I won't be asking it to compensate Mr D in relation to this part of his complaint.

Overall, Mr D clearly suffered distress and inconvenience when Santander blocked and closed his accounts. I appreciate it must have been a worrying and frustrating time for him. I realise Mr D will be disappointed with my decision. But having looked at all the evidence and circumstances of this complaint, I've decided not to uphold it.

My final decision

For the reasons above I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 8 July 2024.

Anastasia Serdari
Ombudsman