

## The complaint

M, a limited company, complains that Santander UK Plc ('Santander') blocked its business account for three weeks which impacted its ability to trade and cost it at least £5,000.

M's complaint was brought to us by its director, Mr S.

## What happened

M has had a business account with Santander for many years.

In October 2023 Mr S, using M's account, made a payment to a friend of his which his friend was to send to an insurance company on M's behalf. Mr S told Santander that his friend worked for that insurance company, and making the payment in this way would enable him to get a discount.

Santander stopped the payment and blocked M's account. It said this was done because the payment was going to a private account but meant for a business and so the names didn't match.

Mr S called Santander who said the payment was flagged for review but this would be completed within 48 hours. Mr S said he was happy with the payment and that it wasn't a scam. It was made to a friend he knows very well and explained its for M's business insurance. Mr S also said that he had made a payment like this before, where he paid his friend instead of paying the insurance company directly. He said in order to avoid delays he was happy for the payment to be cancelled and that he would try to pay for the insurance in another way. Santander said this wasn't possible and that the payment would still need to be reviewed and while that was ongoing the account would remain blocked.

The account was not unblocked within 48 hours and Mr S called Santander again. He was told the matter would be escalated and that there were no timescales when it came to reviews. Santander accepted Mr S shouldn't have been advised it would take 48 hours. Mr S wasn't happy about this and complained.

Mr S called Santander a number of times while the account was blocked asking for updates. The account was unblocked just over two weeks after it had been blocked.

Santander responded to the complaint and offered M £50 for providing him with misleading information about the timescales involved. It also apologised that a call back had been promised but not made. But it said it was correct to restrict the account due to having valid concerns. It added that Mr S had been reluctant to answer some of its questions. Mr S didn't accept the £50.

Mr S then brought his complaint to us. One of our investigators reviewed the complaint and felt that Santander's offer was fair and reasonable. Our investigator said that banks have legal and regulatory obligations they need to comply with which sometimes means blocking accounts to carry out reviews. She also didn't think Santander caused any unnecessary delays.

Mr S didn't agree and asked for an ombudsman's decision. The complaint was then passed 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.

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.

Having reviewed all the evidence, including the information Santander provided in response to the investigator's view, I'm satisfied that Santander was acting in line with its legal and regulatory obligations when it restricted M's account in October 2023.

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 M's account.

Santander completed its review within just over two weeks before deciding to unblock the account. I thought this was a reasonable timescale in the circumstances. As I said above this is something that it is able to do and this isn't something we would disagree with as long as it has done so in a way which is fair.

I appreciate Mr S is unhappy that he was told the review would take 48 hours when, in fact, Santander said he shouldn't have been given a timescale. Santander offered M £50 compensation which Mr S declined. I think Santander's offer is, in the circumstances, fair and reasonable and in line with awards we would make in similar situations.

As I said above Santander is entitled to carry out its review and we'd expect it to do so in a timely manner without undue delay. I appreciate that it is entitled to take the necessary time in order to carry out its review and I don't think it would be right for me to say it should have worked to a specific timescale. I think this would depend on each case, depending on its

individual circumstances. Based on the information and evidence Santander has provided to us I don't think it caused any undue delays. Santander also said that Mr S wasn't always very co-operative, which I can't see has been disputed by Mr S, and I think this would also add to the time it would take to carry out its review.

Mr S said the delay cost M around £5,000 in lost revenue. I haven't seen any evidence in support of this but I have no reason to doubt what Mr S has said. Nevertheless, as I don't think Santander caused any unnecessary delays this isn't something I am minded to ask it to compensate M for.

### **My final decision**

For the reasons above I have decided to uphold this complaint. Santander UK Plc must pay M £50 for the inconvenience it caused it if it hasn't already.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 26 July 2024.

Anastasia Serdari  
**Ombudsman**