

The complaint

Mr U complains that Santander UK Plc closed his account without giving him warning or a reason. He would like a reason and compensation.

What happened

The facts which led Mr U to bring the complaint to this service are well known to both parties, so I'm not repeating them in full here.

In summary, Santander carried out a review of an account Mr U held with Santander in November 2022. Santander contacted Mr U and asked some questions about the funds in his account.

Following the review Mr U's account was closed with immediate effect on 11 January 2023. The balance of £21.93 in Mr U's account was sent to him by cheque.

Unfortunately, Santander issued the cheque in the name of a different payee. So, Mr U had to return the cheque to Santander, which he did on 26 January 2023. Mr U finally received the balance on his account on 7 February 2023.

Mr U has said this was his main account and his salary was paid into it. Because his account was closed immediately, he had to rearrange all his direct debits. He was without money for a period of time and had to borrow money for living essentials from his family and friends. He said he hadn't done anything wrong, and he can't see why Santander chose to close his account without notice.

Mr U said he had fallen behind with bills and it had affected his credit rating.

Mr U complained to our service. One of our investigators looked into the complaint. She thought Santander had acted fairly when they closed the account. She said Santander weren't obliged to give Mr U a reason. She thought Santander had made an error when they issued Mr U with the wrong cheque and that meant there was a delay in receiving his funds. Because of this she awarded £50 compensation as well as 8% from 26 January 2023 to 7 February 2023.

Mr U was unhappy with the view he said he hadn't received the answers he wanted.

As there was no agreement 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.

Account closure

Mr U's account was reviewed by Santander. Following the review Santander asked some questions of Mr U to fulfil their Know Your Customer obligations.

I'll start by setting out some context for the review of Mr U's account. 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 Mr U's account and asked him to provide information about how he was operating his accounts.

Santander decided to close the account with immediate effect and let Mr U know on 11 January 2023.

It's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a 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.

I've considered whether Santander acted fairly in closing Mr U's account. I've looked at the terms and conditions of his account and I'm satisfied they did. The terms and conditions outline that the bank can close a customer's account with two months' notice, and in certain circumstances they can close an account immediately. In this case Santander closed Mr U's account without notice. 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 I'm satisfied that the bank has applied the terms fairly. And it was entitled to close the accounts as it's already done.

I know Mr U found it difficult to have his account closed and he has told us he had to borrow money from friends and family. He has told us he fell behind on his bills and it affected his credit rating. I appreciate that having an account closed would have a substantial impact on Mr U and I thank him for letting us know how this affected him. But in order to provide compensation to Mr U I would have to conclude that Santander had acted unfairly when they closed his account. I have already said I think Santander acted fairly and applied the terms and conditions of the account correctly, so I won't be awarding compensation for the impact the closure had on Mr U and on his financial position.

Reasons

I understand that Mr U wants Santander to explain the reason it closed his account with immediate effect. But Santander doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr U the reasons behind the account closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr U this information. And it wouldn't be appropriate for me to require it to do so.

Account balance

On closing the account Santander sent the balance in the account amounting to £21.93 by cheque. Unfortunately, Santander sent Mr U a cheque made payable to a different payee. This meant that Mr U had to return the cheque back to Santander, which he did on 26 January 2023. Santander have accepted they made an error here. Our investigator awarded Mr U £50 compensation and interest at 8% on the balance from the date he would

have got his cheque on 26 January 2023 until the 7 February 2023 when he received the correct cheque. Having looked at the evidence I'm satisfied the compensation is fair. I say this because the error meant Mr U had to send the cheque back and he was put to some inconvenience in having to do this. He also didn't have access to his funds on 26 January 2023, he is being compensated for this by being awarded interest on the closing balance in his account.

I have also looked at the time between the account closing on 11 January 2023 and Mr U receiving the cheque in the wrong name on 26 January 2023, to decide if Santander caused any delays but having done so I'm satisfied they didn't.

In summary Santander acted fairly when they reviewed and closed Mr U's account. They weren't obliged to give him a reason for the account closure, so I don't think Santander did anything wrong in respect of this part of the complaint.

Putting things right

To put things right Santander should pay Mr U £50 compensation together with interest at 8% on the balance in his account at the time of closure for the period between 26 January 2023 and 7 February 2023.

My final decision

For the reasons stated above I partially uphold the complaint. I require Santander UK Plc to pay Mr U:

- £50 compensation
- Interest at 8% on the balance in his account at the time of closure for the period between 26 January 2023 and 7 February 2023.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 18 January 2024.

Esperanza Fuentes
Ombudsman