

## **The complaint**

Mr and Mrs T complain that Santander UK Plc requested unnecessary and intrusive financial information when carrying out checks in respect of a payment transfer to their account. Mr and Mrs T would like an apology and compensation for the time and stress they have been put to. I have only referred below to Mr T.

## **What happened**

Mr T transferred £30,000 to their Santander bank account from another bank abroad. Unlike previous occasions, Mr T said Santander wrote advising of a requirement to carry out certain checks, but he thought the financial information it sought was intrusive and outside the scope of Anti-Money Laundering (AML) requirements.

After failing to get through by phone Mr T went to a branch of Santander, but staff said he had to deal with head office and linked him by phone. He agreed to some financial questions but not those he found excessive, such as the value of their property and their mortgage. He said Santander wanted evidence of the property purchase and the source of funds.

Mr T declined to provide the additional information, and Santander said it would suspend the bank account. Mr T removed most of the funds and said Santander suspended access to the account, but allowed payments in, which he considered unethical. He couldn't close the account without providing the required information. Mr T complained to Santander.

On a call from Santander, Mr T said its complaints handler apologised for the manner in which the information had been sought and said it was mostly no longer required. He offered Mr T £150 compensation, but this was not confirmed in writing. Mr T said Santander still wanted to see bank statements for the transfer sum, which he refused as his other bank had gone through AML when taking funds in. Santander wrote to close the bank account.

Mr T said Santander's actions were overbearing and exceeded any reasonable interpretation of AML regulations. He said its service fell short and it didn't respond to his request for clarification on what was actually required under AML regulations. And hasn't said if its decision to close their account is prejudicial in respect of information that may be recorded. Mr T said he spent hours communicating with Santander and has had to change direct debits and standing orders and replace credit cards. He said he supports AML processes but doesn't want Santander to impose overbearing and unreasonable requirements.

In response to Mr T's complaint Santander said all authorised firms have controls to prevent financial crime such as AML and may need additional information. Santander said its system automatically prompts requirements and it wrote to Mr T about this. It said its questions regarding source of wealth were for this purpose and its adviser followed the process correctly. However, it said its aims to provide an alternative solution where necessary.

Santander said that it couldn't remove the block on Mr and Mrs T's account as it requires further information, and it set out its requirements. Santander said initially it blocked outgoing transactions only but an 'all credits block' had now been applied. Santander apologised for its poor service and offered to credit the account with £150, but noted Mr T's disagreement.

Mr T referred his complaint to our service. Our investigator didn't recommend it be upheld as he didn't think Santander had acted unfairly. He said establishing the risk a customer might pose to the bank, and then monitoring them throughout the relationship provides essential protection, but is also a legal requirement. He said although Mr T had made larger transfers, the £30,000 transfer prompted an automatic requirement for information and this was similar to the checks and processes of other banks as were the consequences of non-compliance.

With regard to information not subsequently required, Santander had said it tries to work with customers to see what they can provide, but certain information is needed. The investigator said closing the account won't have a detrimental effect on Mr T's credit file. He said the £150 compensation Santander had offered was fair, and the offer is still open to Mr T.

Mr T disagreed with the investigator and requested an ombudsman review the complaint. He said bank statements wouldn't provide the information Santander wanted and he's unwilling to give it access to a transfer which has already passed stringent AML requirements from his other bank. He said Santander hasn't asked him about his income and its checks have no relevance to current AML requirements, and are intrusive, ridiculous and naive.

Mr T said it was Santander's complaints' handler who said its internal process had changed and some initial requirements were no longer needed. And the compensation was also for the manner in which information had been sought. He said Santander had communicated in a clumsy, inconsiderate and ignorant manner, which led to the conflict. He said had it been clear about what it wanted, rather than hiding behind corporate speak he would have happily provided this. He said the information Santander has provided to our service is incomplete and generalised. Mr T was pleased Santander had not made an adverse credit report.

### **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.

Mr T said Santander has been overbearing, incompetent and unprofessional. And said this has caused the loss of what was previously a perfectly acceptable banking arrangement. He said Santander far exceeded any reasonable interpretation of AML rules and regulations.

I can see Mr T has taken offence at what he considers to be checks borne out of a suspicion towards his finances. Santander's communications with Mr T conveyed the impression to him of a presumption of guilt, requiring sufficient financial information to be proven innocent. Mr T said this caused him to have his defenses up from an early stage.

I've looked at the AML regulations and Santander's processes and its communications with Mr T to see if it has acted within the required framework and to see if it has treated him fairly. In order to do this, we have to see if Santander has treated Mr T differently to any other customer in his circumstances.

As Mr T will know, financial crime law and AML regulations, places extensive obligations on regulated firms. All regulated firms must put in place systems and controls to prevent financial crime and must put in place systems and controls to prevent and detect money laundering. This is to help reduce the potential loss to the customer and the bank. Failures in the AML compliance programme can result in banks being penalised by their regulator, the Financial Conduct Authority.

The regulations aren't prescriptive and so it's up to the business to put in place the appropriate measures. Firms are required to take a risk-based approach to money

laundering and have suitable systems and processes in place. If a regulated firm thinks there is a potential for a consumer to be involved in activity that is in breach of the relevant laws and regulations, it may restrict their account and carry out an investigation. In Mr T's case Santander wasn't able to investigate because he didn't release information it requested. In these circumstances it has the power to block and close a bank account. And so I haven't found that Santander acted outside of the law in its dealing with Mr T and his bank account.

I've looked at the information Santander required. In his initial call, Santander made Mr T aware of the documents it needed in order to fulfil its regulatory requirements and said that if he didn't provide them his account would be blocked and closed. He said that he would close the account himself if Santander restricted his access as the account would not be any use to him. Mr T didn't want to provide bank statements from his other bank as he felt this was beyond scope of AML checks as his bank would have completed its own checks when moving capital into his other bank account. Santander initially asked him to provide proof of purchase on any properties, but later, its complaint handler said it no longer required this information.

I've no reason to doubt that Mr T has no issue with AML requirements per se, but he said Santander's checks have no relevance to current AML requirements, no bearing on proof of income and are intrusive. With respect to Mr T, it isn't for the customer to tell the regulated firms what its checks should consist of in order to meet the expectations of the law and its regulators. I think Mr T is correct to say that the transfers to and from the account when he purchased his property went through AML processes at the time by his other bank. Notwithstanding this, Santander can't rely on a third party to meet its AML regulatory requirements it has to satisfy itself.

Mr T has said the communications from Santander were inconsiderate and clumsy. At this service we hope that firms will conduct these checks in a sensitive manner as they are by their nature intrusive and unwelcome to many customers. Certainly Santander's policy is to approach these checks sensitively and it states, alongside its requirement to ask those questions, that if customers can't provide this information it will try to work with the customer to see what they can provide. However, Santander's adviser's manner in requesting the information alienated Mr T and the relationship broke down. I think this was very unfortunate as huge inconvenience follows the closure of a bank account, as described by Mr T.

I've listened to the recordings of Mr T's calls with Santander. I think its requests for information concerning the transfer of monies into his account from another account sound like standard bank questions. Mr T wasn't willing to answer how he purchased his mortgage-free property as he said everything was cleared through his solicitor. I don't feel the questions put to Mr T by Santander's advisers were 'imposing, overbearing or completely unreasonable' as Mr T has stated although they were very detailed and intrusive. I don't think there was any reason for Mr T to feel that Santander viewed him as a criminal.

Santander appears to have dropped the due diligence questions that were initially put to Mr T, perhaps because they lacked relevance once the account was blocked. Santander maintained the requirement for AML information. Following his refusal to provide this information, I can see that Santander sent the correct notice of closure letter to Mr T about the account. I'm pleased that no adverse credit information has been reported about Mr and Mrs T as a consequence of the account closure.

Santander said it offered Mr T £150 when it investigated that Mr T couldn't access the child benefit credited to the bank account, and for the request of information to Mr T that was not subsequently required. I think this is fair and I understand the offer is still open to Mr T if he contacts Santander.

In conclusion, I have found that Santander treated Mr and Mrs T fairly and in common with other customers in his circumstances, and certainly did not single him out. And I don't think

the checks it attempted to carry out were by their nature disproportionate or unreasonable to what was required by the regulations. As said above, all firms subject to the AML regulations must put in place systems and controls to prevent and detect and report money laundering and how they do this may differ according to the processes they adopt.

### **My final decision**

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T and Mrs T to accept or reject my decision before 5 February 2024.

Andrew Fraser  
**Ombudsman**