

The complaint

Mr and Ms M complain Santander UK Plc (“Santander”) closed their new savings account without explanation. Mr and Ms M say this caused them distress and substantive inconvenience. They also say they’ve lost out on a preferential interest rate on the savings account and a ‘switching’ bonus - causing them financial loss.

What happened

Around 13 October 2022, Mr and Ms M opened a joint savings account with Santander to take advantage of its preferential rate of interest. They had held an account previously with Santander.

Mr and Ms M had an issue with logging into their new account online. This matter, as our Investigator explained, doesn’t form part of this complaint and this decision. Later, on 19 October 2022, Santander wrote to Mr and Ms M and explained it couldn’t offer them banking facilities and it’s closed their account with a zero balance.

Unhappy with Santander’s actions, Mr and Ms M complained. Santander didn’t uphold Mr and Ms M’s complaint. In summary, it said:

- Looking at the information regarding closing the account, Santander regrets it can’t offer Mr and Ms M banking facilities
- It appreciates this may have caused inconvenience and Mr and Ms M will need to make alternative banking arrangements. Santander apologised for any inconvenience this caused

Mr and Ms M referred their complaint to this service. One of our Investigator’s looked into their complaint. They upheld the complaint part. In short, their key findings were:

- Santander was able to restrict and close Mr and Ms M’s account shortly after it was opened, alongside the terms and conditions of the account, in the same way a customer can leave it for another bank
- Santander aren’t obliged to give them an explanation for doing so. However, Santander should explain to this service why it’s done so, so we can determine its acted fairly. But Santander has failed to do so here
- The terms of the account allow Santander to end an agreement immediately or with two months’ notice. Santander should have provided notice of closure to Mr and Ms M
- To put things right, Santander should pay Mr and Ms M £100 compensation for the inconvenience it caused

Mr and Ms M didn’t agree with what our Investigator said. They asked that the terms and conditions of the account are made available to them as the one’s they saw when opening the account didn’t say anything about Santander’s ability to close the account.

In response, our Investigator said they reached their findings based on the terms provided to them by Santander for the time the account was opened. They added that Santander makes its terms and conditions of account available on its website, so they are readily accessible. Our Investigator sent Mr and Ms M a web link for the terms and conditions in their response.

Mr and Ms M said those terms had no date stamp on them, so how can they be sure they were effective for the date the account was opened. They also said the terms covered a variety of Santander's products - and the product they applied for wasn't named specifically.

Santander ought to have emailed them the terms and conditions given that's how they were communicating. And it ought to have told them these terms and conditions applied to their account.

As joint complainants, they also said Santander should pay them £100 compensation each.

Santander didn't agree with what our Investigator said. It said that it acted correctly when closing the account in the way it did and does not agree Mr and Ms M are paid £100 compensation for any distress and inconvenience caused.

Our Investigator then sent a further response to Mr and Ms M. In summary, and not to repeat previously made points, they said:

- The compensation award is in relation to Santander not giving Mr and Ms two months' notice given it hasn't provided enough information to justify it closing it immediately
- The compensation award they recommended took into account the impact this had on Mr and Ms M
- The terms and conditions are displayed on Santander's website, in a section specifically designed for the type of account Mr and Ms M took out. The copy of the terms they were provided with pre-date when the account was opened. Santander is expected to make this information available on its website, and it's done so
- The general terms apply to all its account products
- The compensation they recommended is £100 in total, and that is fair

Santander continued to argue that it has done nothing wrong in closing the account in the way it did. But it accepts it could have been clearer from the outset in supporting Mr and Ms M. Because of this it offered £100 for each of them.

As there is no agreement, this complaint has been 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.

Having done so, I've decided to uphold the complaint in part. I'll explain why.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to

the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr and Ms M and Santander have said before reaching my decision.

It's important to note, my decision focuses on Santander's actions in regard to Mr and Ms M's joint savings account. Their complaint about issues with logging into their account is being dealt with under a separate reference at this service.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Santander has provided is information we consider should be kept confidential.

Banks in the UK, like Santander, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

I'd also add that as a regulated business, Santander's legal and regulatory obligations generally cover the entire period of its customer relationship – from application to eventually the end of the relationship. This includes Know Your Customer (KYC) checks and/or Customer Due Diligence (CDD).

Santander is entitled to close an account just as a customer may close an account with it. But before Santander closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which Santander and Mr and Ms M had to comply with, say that it could close the account by giving them at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Santander has now explained in the detail we require why it closed Mr and Ms M's account. Given what it's shared, I'm persuaded that it acted in line with the terms of the account when closing it in the way it did.

Mr and Ms M say they've lost out financially due to not being able to get the interest rate they wanted that the account offered, and not getting a 'switching' bonus. Santander say the switching bonus didn't apply to them as they weren't moving funds from another of its accounts. But even if that wasn't the case, I don't think it matters. That's because I don't think there's basis to award any compensation here for financial loss, and for any distress and inconvenience caused as Santander hasn't acted improperly in closing the account in the way it has.

I know Mr and Ms M would like an explanation as to why Santander took the actions it did. But I'm not aware of any obligation under which it must. And for the reasons above about what information we consider in confidence, I won't be providing an explanation.

Mr and Ms M have made several points about the terms and conditions not specifically referencing their saving account by its product name, and it not being made sufficiently available to them. I've thought about these points very carefully, and I don't agree.

The terms and conditions explicitly say they're effective from June 2002. Given this

pre-dates their application and the proximity to when the account was opened, I'm satisfied they can reasonably be relied on as those applicable to Mr and Ms M. They're also clearly titled "*General Terms and Conditions and Important Information. Current Accounts and Savings Accounts....*". So I don't think they're ambiguous, and they make it clear they would relate to Mr and Ms M's account.

Mr and Ms M say they should have been sent the terms and conditions by email given that's how they had communicated with Santander. I don't know exactly what Santander did at application to signpost them to the terms. But applications normally require new customer's to affirmatively accept terms and conditions, and I don't think them being available on a website is making them unfairly accessible. After all this is also a digital channel, and from what I've seen, I'm persuaded Mr and Ms M were able to use and access online channels.

Santander has pro-actively accepted that it could have been clearer from the outset in supporting Mr and Ms M. Because of this it has offered them compensation of £100 each for any distress and inconvenience caused. I'm satisfied this is fair redress.

My final decision

For the reasons above, I uphold this complaint in part. Santander UK Plc must now pay Mr and Ms M £200 – that's a £100 each - compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Ms M to accept or reject my decision before 29 December 2023.

Ketan Nagla
Ombudsman