

The complaint

A company I'll call M complains that Santander UK PLC (Santander) debited £258,372.34 from its account without prior warning.

M is represented by its director, Mr M.

What happened

In September 2021, Santander blocked M's account while it carried out a review, having received notification of an indemnity from a third-party bank for £258,372.34. Santander told Mr M that it had received information that showed the £258,372.34 had been obtained fraudulently. It asked various questions of Mr M about the money and requested documents in support of his claim that he was entitled to the funds.

Mr M provided a number of invoices to Santander, but Santander wasn't satisfied with the information Mr M provided, so it returned the £258,372.34 to the third-party bank.

Mr M complained, but Santander didn't change its mind. It issued its final response to M's complaint on 14 February 2022. It said M's case had been referred to Santander's fraud team for review, and that it was happy it had acted in line with its legal and regulatory obligations. Mr M remained unhappy, so he brought his complaint to our service.

Our investigator looked at his complaint, but she didn't uphold it. She was satisfied Santander has acted reasonably in assessing the indemnity claim and in returning the funds to the sending bank. Mr M didn't accept what our investigator said, so he asked for an Ombudsman to review the matter afresh.

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.

Firstly, I should say that I'm aware I've summarised the events of this complaint in far less detail than the parties, and that I've done so using my own words. The reason for this is that I've focussed on what I think are the key issues here, which our rules allow me to do.

This approach simply reflects the informal nature of our service as a free alternative to the courts. And 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 in this case. So, if there's something I've not mentioned, it isn't because I've ignored it, and I must stress that I've considered everything Mr M and Santander have said, before reaching my decision.

My findings

All banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. That sometimes means they need to restrict customers' accounts while they carry out a review.

And, having looked at the evidence, I'm satisfied Santander was acting in line with its legal and regulatory obligations when it blocked M's account. And that it was entitled to do so under the account terms and conditions that governed the relationship between Santander and M.

Mr M has said, though, that Santander abused its powers in returning the funds in M's account to the sending bank. So, I've looked at the steps Santander took when making its decision, and I've looked at the evidence it relied on. Having done so, I'm satisfied it acted reasonably in returning the £258,372.34, and that it was entitled to do so.

Santander explained to Mr M that it was investigating an allegation of fraud. It gave him the opportunity to submit evidence in support of his claim to the funds, and it reviewed the information and evidence provided by both Mr M and the third-party bank. Santander has shown our service the information it looked at as part of its review, it's explained its rationale in weighing that information and it's demonstrated how it reached its decision to comply with the indemnity.

Having reviewed everything Santander, and Mr M, has told our service, I'm satisfied Santander acted reasonably in returning the funds to source, and that it was acting in accordance with its overriding legal and regulatory obligations when it did so. I appreciate Mr M wants to understand more about the reasons for Santander's decision. But Santander isn't obliged to explain the reasons for its decision to Mr M, and in the circumstances of this particular case, I see no good reason to compel it do so.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 5 October 2023.

Alex Brooke-Smith
Ombudsman