

The complaint

Mx T complains that Santander UK Plc ('Santander') initially agreed to open a new current account for them but changed its mind before they were able to use it. Among other things, they would like an explanation as to why this was done and for the account to be re-opened or for a new one to be offered.

What happened

In May 2023 Mx T applied for a current account with Santander online. They were asked to provide some additional information such as identification and proof of address in order for the application to be finalised. Mx T said that a few days later, Santander called them to say that it wouldn't be able to open an account for them. They said the caller told them that a past decision by Santander to close a previous account, where they were also told they were not welcome to bank with Santander anymore, still stood. Mx T said they then asked for the rejection letter.

The following day Mx T received an email from Santander again asking for the same documentation it had asked for a few days prior. They called Santander to clarify this, and they were told to attend a branch to provide the documentation in person. Mx T say they did so a few days later and were told they would have an update within three days.

A few days later they called Santander to chase a response as they hadn't heard back. In one of their calls, they were told their application was with another team who would call them with an update. In a subsequent call they were asked to post the documents as Santander couldn't trace them. They did so, and Santander received the documents within a few days.

Around ten days later, as there was still no update on the progress of the application, Mx T called Santander again. It said it had received the documents and they were with a team who would review them and email Mx T. In a subsequent call they were advised that there was an issue with their application and asked to resubmit it, which they did.

Over the following week they received their PIN, a card and their account details. But they were unable to set up their online banking, so they called Santander again. When they called, they were told that the account had been closed a few days prior and that they would be receiving a letter to explain why.

During that time, on 16 June 2023, Santander wrote to Mx T to say it was withdrawing its decision to offer them an account after reviewing some additional information. In that letter it said that as part of its commitment to prevent fraud, it used information held by fraud prevention agencies and that Mx T could ask those agencies directly about any information held about them. Mx T said that after checking with those agencies, they didn't feel that that reason applied to them and complained.

Santander didn't uphold the complaint fully but offered Mx T £50 as a gesture of goodwill for the conflicting information they had been given during the process and for the time spent on phone calls and visiting its branch. But it didn't change its decision about the account and

said that it has the right to withdraw banking facilities at any time as per its policies and procedures.

Mx T then brought their complaint to us. Among other things, they said they suffered inconvenience and were impacted financially and emotionally by Santander's actions. They added that they were concerned about the time and effort they'd spent on this, and about the potential damage to their credit score. Mx T asked for a clear explanation as to why the account was closed; for it to be reopened; compensation; an apology and for Santander to review its procedures so a similar situation did not arise with other customers in the future. They added that the stress and anxiety caused by the process caused a drastic decline in their mental health. They also said that they felt Santander had discriminated against them.

Mx T said to us that they'd reapplied for an account with Santander despite the previous closure, as they believed that their circumstances had changed and that due to their good financial standing they would be successful. They said they were worried the closure and rejection of their application would be viewed negatively by other financial institutions and could affect their ability to secure credit in the future.

While the complaint was with us Santander increased its compensation offer to £106.35 due to the conflicting information provided to Mx T. The award included postage costs of £6.35. Mx T rejected this offer and said they believed the inconvenience caused was more significant. They also said they wanted the account to be reopened.

One of our investigators reviewed the complaint and thought that the increased compensation of £106.35 was fair and reasonable in the circumstances. Our investigator thought Santander was acting within its legal and regulatory obligations and exercising commercial discretion which allows it to decide who it offers its services to. He added that he didn't think Santander had discriminated against Mx T and he also hadn't seen any evidence about the closure having an adverse impact on their credit file.

Mx T didn't agree and asked for an ombudsman's decision. In addition to disagreeing with the points above regarding the discrimination and impact on their credit file, they also felt that our investigator failed to address their point about Santander reviewing its processes and procedures. Our investigator explained that we would only look at the merits of Mx T's specific complaint and not the potential impact on other consumers. That would be the role of the regulator - the Financial Conduct Authority (FCA).

The matter was then passed to me to issue a decision on.

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.

Before I go into my findings, I'd like to explain that what I will be looking at in this decision are the events that started in May 2023 insofar as they relate to the closure of the account. I understand that Mx T had complained to us about Santander previously for the closure of their previous account where they were told they were no longer welcome to bank with it. That complaint was decided by another ombudsman, so I won't be able to revisit those issues. In that decision the ombudsman said that Santander was acting within its terms and conditions when it closed that account.

It might be helpful if I start off by explaining that our service doesn't punish or fine businesses, and it's also not our place to say that a procedure the business follows is incorrect. Only the industry regulator, the FCA can do this. Businesses have legal and

regulatory obligations they have to meet, and they have processes in place in order to meet these obligations. So, our role in cases like this one, is to look at whether the bank has followed its own internal procedures correctly, while also meeting its legal and regulatory obligations.

Firstly, I'd like to address Mx T's point about wanting to prevent similar situations from arising with other customers. As our investigator explained this isn't something I can look at as part of this complaint. Our role is to consider the individual complaint that's brought to us and not to consider the potential impact on other customers. That is the role of the FCA.

Mx T said they wanted an explanation as to why their account was closed and they wish for it to be reopened. Santander said it was relying on its terms and conditions when it closed the account and that it is entitled to choose who to offer its services to.

Just as a customer can choose who they bank with, a bank can choose who it has (and keeps) as customers. So, I agree with our investigator that Santander was exercising its commercial discretion which allows it to decide who it offers its services to. And from what I have seen, I'm satisfied that its decision to close the account was fair and reasonable. For that reason, I won't be asking Santander to re-open the account.

Also, a bank doesn't need to explain to its customer why it's closing an account, just as Mx T wouldn't have had to give Santander a reason if they'd decided to leave it. So, I don't think Santander was obliged to provide Mx T with an explanation.

Nevertheless, Mx T said that; and this is confirmed in Santander's file; during one of their calls with Santander, they were told that the reason was because of the previous account closure and that they were no longer welcome to bank with Santander. So, though this wasn't in Santander's response to Mx T's complaint or its closure letter I'm satisfied its more likely than not that Mx T has understood why Santander closed their account.

I appreciate Mx T may be unhappy that the account was opened in the first place which caused them confusion, many calls to Santander and a wasted trip to Santander's branch. Santander said because the account was opened online it wasn't able to stop the account from being opened at the time. I accept that these may be Santander's internal processes and I won't seek to interfere with them. But, I think Santander had opportunities to put this right subsequently and it didn't.

Santander has provided a list of calls between it and Mx T from 20 May to 23 June 2013. It has also provided call recordings which I have listened to. During a number of the calls Mx T was told that their application was either not received or had been received and was being reviewed by another team. No substantial updates were provided until after call ten when they were told the account would be closed and would remain that way. And that is bearing in mind Mx T had, in the meantime, been sent a PIN and a card; which, albeit, they couldn't use.

I think Santander's actions would have caused Mx T a certain degree of inconvenience. Mx T have also said that the way they were treated impacted their mental health though I am not sure this is something they raised during their calls to Santander. In any event, I think its offer of £106.35 including postage costs is fair and reasonable in the circumstances and in line with what I would have awarded. I'm not minded to increase this amount bearing in mind that Mx T didn't get a chance to use the account so they didn't suffer the added inconvenience of moving funds over to this account and having to move them again, setting up direct debits etc.

Mx T said that Santander has discriminated against them. Having considered everything I haven't seen any evidence of discrimination or that Mx T was treated in a way that was different to any other customer in a similar situation.

Mx T have provided their credit file which, as far as I am aware, showed no adverse entries. I appreciate they think that this account closure may impact their ability to get credit in future but there is currently no evidence to support this. And in any event, I am not able to award compensation for something that may or may not happen in the future as part of this complaint.

I appreciate Mx T also wanted Santander to apologise but I think the compensation it awarded in this case is sufficient. And I don't think a forced apology would have much meaning in any event.

My final decision

For the reasons above, I've decided to uphold this complaint. Santander UK Plc must pay Mx T £106.35 as compensation for the distress and inconvenience it caused them, if it hasn't already done so.

Santander UK Plc must pay the compensation within 28 days of the date on which we tell it Mx T accept my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

If Santander UK Plc considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mx T how much it's taken off. It should also give Mx T a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mx T to accept or reject my decision before 2 January 2024.

Anastasia Serdari
Ombudsman