

The complaint

Miss M has complained that Santander UK Plc (“Santander”) reviewed her account and asked that she provide information that was ‘almost impossible’ to provide.

Miss M is also unhappy that when she went to switch accounts to another bank, Santander said that she would need to repay her overdraft in full, before it could close her account.

What happened

Miss M had a student account with Santander. On 29 March 2023, Santander wrote to Miss M to request that she provide information about her account and how it was funded.

As Miss M didn’t respond, Santander sent Miss M several chaser letters, asking for this information to be provided.

Miss M says she got in touch with Santander in June 2023 and provided a bank statement and a questionnaire to help satisfy Santander’s request. However, Miss M explained it would be ‘almost impossible’ for her to provide all the information requested. Miss M raised a complaint about the requests made, as she felt they were unreasonable.

Santander responded to the complaint on 8 June 2023 and explained that it didn’t think it’d done anything wrong when requesting information from Miss M. It said it had ‘Know Your Customer’ (KYC) responsibilities that it had to satisfy and that was why it was asking for such information. Santander advised Miss M to get in touch with its KYC team directly.

Santander wrote to Miss M again, later in June 2023. It explained that it would be restricting Miss M’s account and would close it, in line with its terms and conditions, if it didn’t receive the requested information.

As Miss M was concerned that she’d be unable to provide the information, she opened a new account with another bank via the account switching process. However, upon applying to switch accounts, Santander informed Miss M that she would be required to pay back her overdraft in full.

Miss M was unhappy that Santander had asked her to repay her overdraft in full and the impact this may have on her and her career. Miss M raised a second complaint with Santander about this.

Santander responded to the second complaint on 29 June 2023 and explained that it didn’t think it’d done anything wrong in asking Miss M to repay her overdraft, as it had acted within the terms and conditions of the account.

After Miss M referred her complaint to this service, one of our investigators assessed the complaint. In summary, they didn’t think that Santander had acted unfairly or unreasonably and so they didn’t uphold the complaint.

Miss M disagreed with the investigator's assessment, so the matter was referred for an ombudsman's decision.

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 reviewed everything, I don't think that Santander acted unfairly or unreasonably, for broadly the same reasons that the investigator gave. I will explain why.

KYC information requests

Miss M's complaint is largely that she is dissatisfied with Santander's requests for information. I understand that when Santander first requested information from Miss M, she ignored the letters thinking they'd been sent in error. But then Miss M completed a form and sent this to Santander, but Santander said it needed further evidence from Miss M.

It is the case that Santander, like all UK banks and building societies, has important legal and regulatory obligations it must meet when providing accounts to customers. These obligations are ongoing, so do not only apply to when an account is opened. To comply with its obligations, Santander may need to review an account and/or restrict its customer's access to their accounts. The bank is also entitled to ask questions about payments into and out of an account in order to comply with these obligations.

The information Santander was asking Miss M to provide is fairly standard information that banks, and other financial businesses, are required to have in order to adhere to the Know Your Customer (KYC) responsibilities (also known as Customer Due Diligence or CDD), as set out by the regulator - the Financial Conduct Authority. For example, Santander asked Miss M to provide a copy of her student ID or enrolment documents. This seems reasonable, given that Miss M had a student account and said she'd been a student, but had since quit her course.

Santander also asked for copies of Miss M's payslips – presumably because Miss M said she was now in work after quitting her course. Miss M says she'd originally submitted these to Santander, and it was confirmed that she'd uploaded them - but then Santander said it didn't have copies of the payslips. It's not clear what happened here. It seems most likely that either what Miss M had upload was insufficient, or that Santander deleted the payslips in error or had failed to forward them on to the relevant department. But either way, although I recognise that it would've been inconvenient for Miss M to provide further payslips, I don't think asking for this information again is particularly unreasonable or onerous – especially given the amount of time that Miss M had in which to obtain this information.

Finally, I note that Santander also asked Miss M for copies of her grandparent's bank statements showing the payments being made to her account. It also asked for a signed letter from her grandparents confirming that Miss M was their granddaughter. Miss M has said that her grandparents suffer from poor health – one of which she says doesn't have capacity to consent to such release of information and the other only lives in the UK every six months. In the circumstances, I can see why obtaining such information would be difficult for Miss M.

Santander explained in its letter dated 6 June 2023 that Miss M would need to submit the information by 29 June 2023. I think that this was a reasonable amount of time in which to provide the payslip and student documentation. But in the circumstances, I appreciate that this might not have been enough time for Miss M to speak with her grandparents to see if

they are able to provide copies of their bank statements or a signed letter confirming she was their granddaughter.

However, as Miss M had unfortunately not responded to the first requests for information sent in March 2023, Santander had already been waiting for the information for a fair amount of time by this point. In the circumstances, if this (the information from Miss M's grandparents) was the only information that Miss M needed to provide, then I think it may've been reasonable for Santander to provide Miss M with more time in which to obtain this specific information, before taking any action. But given that Miss M hadn't provided any of the other information that had been requested in June 2023, I can't reasonably say that Santander's decision to apply a block to the account was unreasonable.

I note that Miss M says she found the letters reminding her to send information as being aggressive. I have read sample copies of the letters that were sent. I appreciate why Miss M may've felt that they were aggressive. However, I think it's reasonable that Santander made it clear how important it was that the requested information is provided. I also think it was fair that the consequences of not providing the requested information were made clear – to ensure that the account holder fully understands what will happen to their account, should they choose not to respond. Afterall, I'm sure Miss M would be unhappy if her account was blocked or closed without any prior warning whatsoever.

Overall, I have some sympathy for Miss M's situation regarding obtaining some of the information being requested – namely the information from her grandparents. However, I think that Santander did provide Miss M with plenty of time to collect the evidence that was being requested and I can't see that Miss M did provide any of the other information that'd been requested in June 2023. So it seems that Miss M's account would've been blocked anyway, even if Santander didn't ask for the information from Miss M's grandparents. I think the information that Santander was requesting was fairly standard and I think that Santander did give Miss M reasonable warning that the account would be blocked if she didn't provide the information.

As such, I'm unable to say that Santander was being unfair or unreasonable in asking Miss M to provide the KYC information.

Repayment of overdraft

Due to the impending block that was due to be placed on Miss M's account, I understand that Miss M then attempted to switch accounts to another bank. This meant that as soon as Miss M applied to switch her account, Santander asked that she repay the overdrawn balance in full.

I recognise that suddenly being asked to repay a £1,800 debt would've been concerning for Miss M. And I understand that Miss M was greatly concerned that she'd incur adverse information on her credit file if she couldn't and was concerned that this may affect her employment.

However, as Miss M went through the switching process (rather than just opening a new account with another bank), part of the process involves closing the existing account once all automated payments have been transferred to the new account. But, it is the case that an account with an overdrawn balance can't be closed until the debt has been repaid. This is why Miss M suddenly received a demand for the entire overdraft to be repaid when she applied to switch accounts.

Again, I'm sorry to hear about the distress that this caused Miss M, but Santander was following the standard account switching process when it did this. So I can't say that it did anything unfair or unreasonable by doing this.

In response to Miss M's complaint about the overdrawn balance needing to be repaid, I can see that Santander agreed a 30-day breathing space for Miss M. Santander also explained that a payment structure could be set up to repay the arrears, if she needed support repaying the debt.

In my view this is reasonable. I understand why Miss M didn't want to set up a repayment plan, and was eager not to have any adverse information show up on her credit file. But there were not many other options available to Miss M, other than to repay the overdrawn balance, if she didn't want *any* adverse information (such as late payment or arrangement to repay markers) in relation to the debt on her Santander account to show up on her credit file.

So overall, whilst I recognise why Miss M has been distressed by the events concerning her Santander account, for the reasons outlined above, I'm unable to say that Santander has acted unfairly or unreasonably. I acknowledged that Santander may've mislaid or deleted the payslips Miss M had originally uploaded. But I don't think it was particularly onerous to provide further payslips. So I don't think it would be appropriate to ask Santander to pay Miss M compensation for what was a relatively minor mistake.

My final decision

Because of the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 14 February 2024.

Thomas White
Ombudsman