

The complaint

A company I'll call V complains that Santander UK PLC is withholding the balance of its account.

V is represented by its director, Mr S.

What happened

Santander blocked V's account in 2019. Mr S raised a complaint with our service at the time, which our service didn't uphold. Our investigator at that time said Santander was acting in line with its legal and regulatory obligations in blocking V's account, and that it hadn't treated V unfairly. Because our service has already considered that complaint, this decision will only address matters that have arisen since 20 February 2020 (being the date our investigator issued his findings), or that weren't dealt with by the previous investigator.

Mr S came to our service again in June 2022, saying he had been told he needed to submit proof of entitlement relating to the funds held in his account. Mr S said he wasn't told this previously and that he was unhappy that his account was being charged £7.50 per month, despite the fact that he didn't have access to it. Mr S wanted Santander to release the full balance of the account and pay him compensation.

Our investigator looked at V's complaint, but she didn't uphold it. She said Santander had reviewed the documents Mr S had submitted as proof of V's entitlement to the funds, but that it had not accepted that those documents showed V's entitlement to the funds. She said Santander had explained to Mr S that it needed "credible independent confirmation that [his] business has repaid or completed the trading activity such that no customer has losses or unpaid returns". And she wasn't satisfied that Mr S had complied with Santander's request.

Our investigator noted that Santander had paid V £100 in compensation for not asking for proof of entitlement sooner, and felt that was fair compensation in the circumstances. She noted that V's account would have remained frozen regardless of when Santander asked for proof of entitlement, given Mr S was unable to satisfy Santander's requirements.

However, our investigator did feel Santander should refund the monthly account fee to the account because V hadn't had access to the account since February 2019. So, she said Santander should refund the fees to V's account (not to V or Mr S) and that it shouldn't charge further fees to the account while it remained blocked.

Mr S didn't accept our investigator's findings. He said he couldn't see who had paid V what as he no longer had access to V's statements online. And that he would have been able to check that and therefore submit the required proof, had he been told he needed to provide proof of entitlement sooner.

At first, Santander also didn't accept our investigator's findings. It said it wasn't possible to stop the fees while the account remains open, and that it couldn't refund the historic fees because more will continue to be debited. But it later agreed to refund the fees to the account.

Because no agreement could be reached, the case came to me to issue a final 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.

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 both Mr S and Santander have said, before reaching my decision.

I'm sorry to disappoint Mr S, but I'm not persuaded Santander has treated V unfairly, or that its actions/omissions are the reasons V was unable to comply with its requests for proof of entitlement.

In a letter dated 17 May 2022, Santander told Mr S that it needed to see credible independent confirmation that his business has repaid or completed the trading activity such that no customer has losses or unpaid returns. And our investigator told Mr S to provide evidence of how the balance held in V's account came to be, such as bills, invoices and contracts. And I'm satisfied that those requests were sufficiently clear to enable Mr S to submit the evidence Santander requested.

It is not our service's duty to assess whether or not what Mr S has submitted is sufficient. That is for Santander to determine, in line with its legal and regulatory obligations and in line with its own procedures. Our service's role is to determine whether or not Santander has acted reasonably in assessing the evidence Mr S has supplied. Santander has explained to our service why it isn't satisfied with the evidence Mr S has provided, and I'm satisfied with its explanation, taking into account all of the evidence it has shown our service relating to the full history of this case.

In light of Santander's explanation, I'm not persuaded any delay in expressly asking for proof of entitlement caused any detriment to V. And I'm satisfied it was perfectly possible for V to satisfy Santander's requirements at any time, by submitting proof of entitlement to the funds in the account. Santander's requirements are not unreasonable, and it is entitled to request the information it has in the circumstances of this complaint. And because I'm not persuaded Santander made an error here, it follows that I won't ask it to increase the compensation it has already paid to V (£100).

I haven't detailed Santander's full submission in this decision, because Santander isn't obliged to disclose the reasons for its actions to Mr S. And I see no reason why I would compel it to do so in this particular case.

Account fees

Because Santander accepts our investigator's findings on this point, it's not necessary for me to make any findings, save to formalise the requirement for Santander to refund the charges.

And for the avoidance of doubt, I accept it's reasonable for Santander to refund the fees to

the account, and not to V directly. I'm satisfied Santander isn't obliged to release the account balance to V, for the reasons I've already set out. And the fees were deducted from the account balance, so returning the fees to the account puts V back in the position it would have been in had Santander not taken those fees: i.e. its account balance is the same as it would have been, had Santander not charged the fees.

My final decision

My final decision is that Santander UK PLC must refund the monthly charges of £7.50 that it has applied to V's account since February 2019. The fees should be refunded to V's account. Santander should not charge further such fees while the account is blocked, or, if that is not possible, should ensure any fees that are charged are refunded to the account.

Under the rules of the Financial Ombudsman Service, I'm required to ask V to accept or reject my decision before 10 November 2023.

Alex Brooke-Smith
Ombudsman