

The complaint

Mr M complains Santander UK Plc ("Santander") closed his new savings account without explanation.

Mr M says this caused him distress and substantive inconvenience. He also says he's lost out on a preferential interest rate on the savings account and a 'switching' bonus - causing him financial loss.

What happened

Around 13 October 2022, Mr M opened a savings account with Santander to take advantage of its preferential rate of interest. He's previously held an account with Santander.

Mr M had an issue with logging onto his new account online. This matter, as our Investigator explained, doesn't form part of this complaint and decision. Later, on 19 October 2022, Santander wrote to Mr M and explained it couldn't offer him banking facilities and it's closed his account.

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

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

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

- Santander was able to restrict and close Mr 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 isn't obliged to give him 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
- 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 M
- To put things right, Santander should pay Mr M £100 compensation for the inconvenience it's caused him

Mr M didn't agree with what our Investigator said. He asked that the terms and conditions of the account are made available to him as the one's he 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 made its terms and conditions of account available on its website, so they are readily accessible. Our Investigator sent Mr M a web link for the terms and conditions.

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

He added that Santander ought to have emailed him the terms and conditions given that's how he was communicating. And it ought to have told him these terms and conditions applied to his account.

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 M should be paid £100 compensation for any distress and inconvenience caused.

Later, Santander continued to argue it had 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 M. Because of this it offered £100 compensation.

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 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 M's sole named savings account.

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 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 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 M's account. Having carefully considered this information, I'm persuaded NatWest acted in line with the terms of the account when closing it in the way it did.

Mr M says he's lost financially due to not being able to get the interest rate he wanted which the account offered, and not getting a 'switching' bonus. Santander say the switching bonus didn't apply to him as he wasn't moving funds from another of his accounts with it. 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 immediately and without notice.

I know Mr 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 him with an explanation.

Mr M has made several points about the terms and conditions not specifically referencing his saving account by its product name, and it not being made sufficiently available to him. 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 his application and the proximity to when the account was opened, I'm satisfied they can reasonably be relied on as those applicable to Mr 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 I think they make it clear they relate to Mr M's account.

Mr M says he should have been sent the terms and conditions by email given that's how he had communicated with Santander. I don't know exactly what Santander did at application to signpost him 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 M was able to use and access online channels.

Santander has pro-actively accepted that it could have been clearer from the outset in supporting Mr M. Because of this it has offered him compensation of £100 for any distress and inconvenience this 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 M £100 compensation.

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

Ketan Nagla
Ombudsman