

The complaint

Mrs K and Mr K complains that Santander UK Plc unfairly blocked and closed their bank accounts. They say this caused them financial problems, upset and inconvenience. They are also unhappy about the service Santander provided.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mrs K and Mr K were long standing customers of Santander. Mrs K had a current account and credit card with Santander. Mrs K has explained that she used her Santander current account to receive her wages and pay her bills. She also had a joint account with her husband, Mr K. The joint account was used to receive payments from a number of individuals as part of a Christmas savings club which Mrs K and Mr K say they'd run for a number of years.

In May 2023, Santander blocked and reviewed Mrs K and Mr K's accounts. This meant Mrs K and Mr K wasn't able to access the money in the accounts. The accounts were blocked for six days. Following this, on 23 May 2023, Santander decided to close Mrs K and Mr K's current account and savings accounts immediately. In July 2023, Santander decided to close Mrs K's credit card account asked Mrs K to repay her credit card balance of just under £160 within seven days.

Mrs K and Mr K made several phone calls and sent emails to Santander whilst the accounts were blocked seeking an explanation for the bank's actions. They suspected that the bank had closed their accounts because of the activity on their joint account. They said they had done nothing wrong, that the account was an informal savings club for around ten people that had been running for many years. They said that they had always been open and transparent about the club when Santander had asked them for information and that staff in their local branches were well aware of how they were using their joint account.

Mr K said Santander wouldn't provide him with much information about the reasons it had blocked and closed the accounts. Mrs K has said that she had to open new accounts and was also asked to repay a penny towards her credit card balance, which she says made her feel harassed and upset. Especially as Mrs K says Santander told her that the balance had been repaid. Mrs K says because of this she had to make a number of calls to arrange to repay the penny and eventually managed to make a payment online to bring the balance to zero.

In response to Mrs K and Mr K's complaint Santander said it was complying with its legal and regulatory obligations when it had blocked Mrs K and Mr K's account. And that it had closed the accounts in line with the terms and conditions.

Unhappy with this response, Mrs K and Mr K brought their complaint to our service where an investigator considered it. The investigator asked Santander to provide more information

about why it had blocked and then closed Mrs K and Mr K's account immediately. Santander gave us some information and said that the bank was complying with its legal obligations when it reviewed the accounts and had closed the accounts in line with the terms and conditions of the accounts.

The investigator said that based on the limited information, she couldn't say the bank had treated Mrs K and Mr K fairly when it had closed Mrs K's and Mr K's accounts immediately. She said that the Santander should have given them more notice. So, she said that Santander should pay Mrs K and Mr K £150 compensation for the trouble and upset this had caused them. Mrs K and Mr K agreed. Santander disagreed.

As no agreement could be reached the matter has come to me to decide. After reviewing all the evidence, I issued a provisional decision in which I said the following:

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 that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mrs K and Mr K, but I'd like to reassure them that I have considered everything.

Santander are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customers' accounts – either in full or partially while they carry out their review. The terms of the account also permit Santander to block an account. This means Santander is entitled to block and review an account at any time.

I understand that Mrs K and Mr K want Santander to explain the reason it blocked their accounts. I can appreciate that they would have been frustrated and upset that when they spoke to Santander, they weren't able to find out much at all about why the bank had decided to block their accounts. Especially as they had complied with all of the bank's information requests about how they were using their accounts. But Santander is under no obligation to tell Mrs K and Mr K the reasons behind the account block, as much as they'd like to know. It's also under no obligation to warn Mrs K and Mr K that it was restricting their accounts before placing a block on them. So, I can't say it's done anything wrong or treated Mrs K and Mr K unfairly by not giving them this information or warning as they would have liked.

Having looked at all the evidence, including the information Santander has provided this service, I don't believe it was unreasonable in the circumstances for Santander to block Mrs K and Mr K's account. Santander has explained that this was its standard procedure, and I accept that it was. I'm also satisfied that in doing so Santander were complying with its legal and regulatory obligations. So, whilst I accept, the bank's actions caused Mrs K and Mr K inconvenience and upset when it blocked their accounts, I can't say the bank did anything wrong and treated them unfairly in doing so.

Banks are also entitled to end their business relationship with a customer, as long as this is done fairly, doesn't breach law or regulations and is in keeping with the terms and conditions. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer. But they shouldn't decline to open an account without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly. In this instance the terms of Mrs K and Mr K's accounts say that in certain instances Santander can close accounts with immediate notice and by providing 60

days' notice. Santander wrote to Mrs K and Mr K in November 2023, to say that it was closing their accounts without notice.

For Santander to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence I'm satisfied that the bank did. And that it was entitled to close the accounts as it's already done. So, I can't say Santander treated Mrs K and Mr K unfairly when it closed their accounts immediately.

This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Just the same as if Mrs K and Mr K decided to stop banking with Santander, they wouldn't have to explain why. Based on what Santander has shared with this service, I'm satisfied their actions were reasonable in the circumstances. And the bank's decision to stop providing Mrs K and Mr K with banking facilities was reached legitimately and fairly. So, it wouldn't be appropriate to award Mrs K and Mr K any compensation since I don't find Santander acted inappropriately when it closed their accounts.

Mrs K's credit card balance

When Santander closed Mrs K's credit card in July 2023, it asked her to clear her balance within seven days. In response Mrs K made a payment of just under £160 to clear her credit card balance only to discover some months later that she still owed a penny. It's not clear to me why Ms K still owed a penny. A missed balance of one penny created a chain of events that seems to me out of proportion. I'm sure if Santander had contacted Mrs K immediately, she would have put things right. Instead, Mrs K had to spend time making calls trying to arrange to repay the penny, which was upsetting given the small amount involved and the fact that Santander had also previously told Mrs K she had cleared her balance and didn't owe anything. I think Santander could have handled things better here, so to put things right Santander should pay Mrs K £50 compensation for the trouble and upset this matter caused her.

In summary, it's clearly caused Mrs K and Mr K trouble and upset when they weren't able to use their accounts and Santander closed them. So, I realise they will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I can't say Santander treated Mrs K and Mr K unfairly when it blocked and closed their accounts. So, I won't be asking Santander to do anything to resolve this aspect of Mrs K and Mr K's complaint.

Santander accepted my provisional decision. Mrs K and Mr K didn't and responded with a number of points. In summary they said:

- they didn't accept a higher offer of compensation
- the credit card was paid in full in June and not July 2023
- there were around 40 people in the Christmas club not ten
- Mrs K provided Santander with all the information it requested, which is why having her account closed was such a shock
- they weren't given any notice that their accounts would be closed
- they would never bank with Santander again

Now both sides have had an opportunity to comment I can go ahead and issue my 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.

I thank Mrs K and Mr K for providing their submissions, and I've noted their comments regarding how many people were actually in their Christmas club.

I know it would have come as a shock to Mrs K and Mr K that Santander closed their accounts without notice. But I've looked at all the evidence, including what Mrs K and Mr K has said, and having done so I can't conclude Santander treated them unfairly when it decided to close their accounts.

As I set out in my provisional decision, based on the evidence I think Santander could have handled things better when it closed Mrs K's credit card – being pursued for a penny after having all your accounts suddenly closed would have no doubt been upsetting for Mrs K and M K. A missed balance of one penny created a chain of events that seems to me out of proportion. Mrs K had to spend time making calls trying to arrange to repay the penny, which was upsetting given the small amount involved and the fact that Santander had also previously told Mrs K she had cleared her balance and didn't owe anything. So, I remain of the view that Mrs K and Mr K should be paid £50 compensation for the trouble and upset this caused them.

In summary, I appreciate that Mrs K and Mr K will be disappointed by my decision, and I appreciate that they were upset and inconvenienced by Santander's actions, but I see no reason to depart from my provisional findings. I remain of the view that this complaint should not be upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

My final decision

For the reasons I've explained my provisional decision is that partly uphold this complaint and to put things right Santander UK Plc should pay Mrs K and Mr K £50 compensation for its poor communication regarding their credit card balance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K and Mrs K to accept or reject my decision before 15 January 2024.

Sharon Kerrison
Ombudsman