

The complaint

W complains about information requested by Santander UK Plc.

What happened

Mr M, W's director, has explained that Santander contacted him for information about the business. Mr M contacted Santander in February 2023 and advised he was in the process of winding the business up. Mr M has explained that Santander went on to ask him for information about his personal finances, property, earnings and another business he operates.

Mr M has told us he was reluctant to answer the questions or provide detailed supporting information about his personal finances. But Santander threatened to withdraw banking services if Mr M didn't provide a copy of W's most recent accounts, annual accounts for the new business, a copy of his personal tax return and a copy of the deeds to his property.

Santander went on to apply an account restriction to W's banking facility while it was waiting for the information to be supplied.

Mr M complained on W's behalf and said that Santander had failed to follow the requirement to take a risk based approach to completing regulatory and compliance checks, as set out by the Financial Conduct Authority.

Santander issued a final response and agreed that the service provided at times was poor, offering £30. But Santander said that, like all banks, it's required to comply with various regulations and legislation relating to money laundering. Santander explained that the regulations required it to complete ongoing due diligence checks, including reviews of existing records during the relationship. And Santander said it could ask for information to show how a customer's income and assets have been accumulated. Santander said the information it had requested from Mr M to complete W's review was required. Santander added that whilst business accounts may be publicly available, it doesn't have the resources available to obtain them. So Santander requests the information directly from the account holder, or its representatives. Santander didn't agree it had acted unfairly by requesting supporting information to complete its review.

Mr M ultimately supplied the required information and Santander completed its review.

Mr M referred W's complaint to this service and it was passed to an investigator. They thought Santander had dealt with W's complaint fairly and didn't ask it to take any further action. On W's behalf, Mr M asked to appeal. Mr M said that Santander had failed to follow the risk based review approach mandated by the FCA. As Mr M asked to appeal W's complaint, it's been passed to me to make a 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've been reasonably brief in setting out the background above as all parties broadly agree about the timeline for W's complaint. I can see Mr M feels that Santander failed to follow a risk based approach to completing its review of W's account and banking relationship. And I understand that Mr M feels that Santander's approach meant he was asked to provide information that was unnecessary.

In Mr M's response to the investigator, he said that Santander hadn't referred to Know Your Customer (or KYC) checks when contacting him about W's account. Mr M explained Santander referred to anti money laundering regulations in relation to its review when responding to W's complaint. Checks of this nature are often referred to as KYC checks by businesses. Santander's final response explains that its obligations under anti money laundering regulations require it to carry out various checks. And Santander's confirmed that's why it contacted Mr M for information about W. I'm satisfied Santander has explained why information was requested.

Mr M's told us he doesn't feel that Santander followed a risk based approach which is at odds with the FCA guidance. But I've looked at the relevant regulations and whilst I can see they do refer to checks being completed on a risk based approach, I haven't seen anything that says a business can't ask for specific information or documents in support of a review. The regulations require Santander to carry out regular monitoring and due diligence, which includes revisiting existing banking arrangements and customers. So whilst I understand Mr M feels Santander's actions went above and beyond the approach its required to take, I haven't been persuaded that's the case.

Our investigator contacted Santander for guidance on why Mr M had been asked to provide specific information on W's behalf. But Santander has explained it can't give a specific answer, beyond advising it was seeking to look into the financial background and arrangements of W. I appreciate that doesn't provide a lot of additional detail. But I wouldn't expect Santander to give a detailed response in terms of its approach to checks of this nature for security reasons.

I've considered whether the information Santander requested was unreasonable. Santander asked for copies of accounts for W as well as another business Mr M operates. And Santander asked for a copy of Mr M's personal tax returns and property deeds. I understand Mr M feels the information he was asked to provide was unnecessary. But given the nature of the checks Santander was seeking to complete, I haven't been persuaded it the information it requested was unreasonably inconvenient to provide and I'm satisfied it was relevant to the financial standing of W and its director.

Santander took the step of temporarily restricting W's account. Mr M has asked for costs W incurred whilst the account was frozen. But Santander confirmed it would take that step at an early stage of its discussions with Mr M. And the restrictions were removed once the information requested was on file. I haven't been persuaded that Santander acted unfairly or that there are grounds to award compensation.

I'm sorry to disappoint Mr M but as I haven't been persuaded that Santander's actions were unreasonable and I'm satisfied it dealt with W's complaint fairly I'm not telling it to do anything else.

My final decision

My decision is that I don't uphold W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 26 September 2023.

Marco Manente
Ombudsman