

The complaint

Miss M complains about the service Santander UK Plc provided when she tried to change her bank account. She wants compensation for the trouble and upset this caused her.

What happened

On 8 September 2022, Miss M applied to open an account with Santander online. The bank sent Miss M a welcome pack, bank card and PIN in preparation for her to use the account. However, following Miss M's application Santander completed further checks. And stopped the switch process from her existing bank. This meant Miss M had to spend time on the phone manually setting up her direct debits and speaking to her employer to provide them with details of the Santander account.

Following this Miss M visited a Santander branch to deposit some money. During this visit Santander told her that she didn't have an account with the bank. So, Miss M had to spend time reverting her direct debits back to her existing bank. Miss M says Santander didn't let her know it had decided to close her account. And she found out after she'd arranged to transfer money from her existing account across to Santander.

Miss M complained to Santander and was told that she'd receive a call back. However, Santander didn't ring her. Instead, on 11 September 2022, it sent Miss M a final response letter explaining that as a result of checks Santander decided it wasn't able to offer Miss M an account. It apologised for any inconvenience that this had caused Miss M and told her to speak to her existing bank if she needed to find out more information.

Miss M wasn't happy with this response and brought her complaint to our service. She said Santander provided her with poor service and should have at least let her know it had decided not to offer her an account. She said because the bank didn't let her know she wasted time and effort setting up direct debits and then had to do it all over again. So, she wants compensation.

One of our investigator's looked into Miss M's complaint. She said all applications for accounts are subject to further checks and that Santander hadn't done anything wrong when it decided not to offer Miss M a bank account. And it didn't have to provide Miss M with an explanation about why it didn't want her as a customer. The investigator also said that Miss M found out within a couple of days that Santander weren't going to open an account when she visited a branch and received the bank's final response letter. So, she didn't think there was a significant delay, and that Miss M was due any compensation.

Miss M disagreed. She said she understands that Santander can close an account without providing any reasons. But she is unhappy that Santander didn't let her know. This meant she wasted hours setting up direct debts and then moving them all back to her existing bank. She says this was time consuming and frustrating. So, she wants compensation for the trouble and upset this caused her.

As no agreement could be reached the matter came to me to decide. After reviewing everything I issued a provisional decision in which I said the following:

Firstly, banks are entitled to decide for themselves whether to do business or continue doing business with someone if they don't consider it appropriate to do so. That's because it has the commercial freedom to decide who it wants as a customer. 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.

Santander has explained that it is a normal part of its process to carry out further checks after an account has been opened, which included looking at information recorded at credit and fraud prevention agencies. I haven't seen anything to suggest that Santander treated Miss M's application differently. Following completion of these checks Santander decided it wasn't able to offer Miss M an account. Santander is entitled to do this, and it seems Miss M accepts this too, so whilst I can appreciate Miss M was no doubt disappointed, I don't think Santander acted unfairly when it decided it didn't want to offer Miss M an account. Santander also isn't obliged to explain to Miss M why it didn't want to offer her any account. So, it's not done anything wrong by not providing her with this information.

The crux of Miss M's complaint is that Santander didn't tell her it wasn't going to accept her as customer. And she only found out after she complained. Santander says Miss M's account was never fully functional – as the account switch was stopped by her existing bank. It says it let Miss M know it wasn't able to offer her an account when it wrote to her on 11 September 2022 addressing her complaint, which was three days after Miss M had applied to open an account with them.

Miss M says after she received her new bank card from Santander, she spent a lot of time rearranging all her direct debits to come out of, what she believed, to be her newly opened Santander account. And had arranged for £12,000 to be transferred to her old account to the new Santander account. She said she only found out that there was a problem when she went into a branch and was told there wasn't an account set up for her. She then had to spend time moving everything back to her old account. And also had to wait for the £12,000 to bounce back to her existing account. So, she says she was put to a lot of trouble that could have been avoided if Santander had simply told her it wasn't going to go ahead with her account application.

I can appreciate finding out that the account application was unsuccessful would have been upsetting for Miss M – it can't be pleasant being told you are not wanted as a customer. Miss M had also spent time arranging and then rearranging her financial obligations including her direct debits and telling her employer where to pay her wages. And had to wait for her £12,000 to be sent back to her existing account. So, I'm satisfied that Miss M was put to some trouble and upset.

Whilst I accept that Miss M's application was subject to further checks by the bank, which is its standard process, I think it would have been helpful if Santander had let Miss M know it wasn't able to offer her an account sooner than it did. I can see that Santander took this decision on 9 September 2022 but didn't tell Miss M until 11 September 2022, and this appears to be only once Miss M had raised a complaint. It's not clear to me why Santander didn't let Miss M know earlier than it did or why it sent Miss M a bank card when it still had outstanding checks to complete, which given Miss M then spent time arranging her finances no doubt gave her the impression that everything was fine with her application – when it wasn't. So, I think Santander's communication could have been better in this particular case.

Based on the evidence I've seen so far and having considered the impact Santander's poor communication had on Miss M, I am currently minded to say that Santander should pay Miss M £50 compensation for the overall trouble and upset this matter has caused her.

Neither party accepted my provisional decision. In response Miss M raised a number of points. In summary she said:

- £50 compensation isn't enough to cover the calls costs she made to change her direct debits and she thinks £100 is fairer
- She had to make an unnecessary eighty-mile round trip to deposit cash at a branch, so the amount of compensation offered doesn't cover her travel costs and parking fees

Santander also disagreed with my provisional decision. In summary it said:

- The bank would told Miss M about the closure of the account and would have sent her a letter informing her. However, it can't provide a copy of this letter and it accepts Miss M may have received the letter after Miss M noticed that the account switching process wasn't working due to delivery timescales
- Miss M would have been aware why her account had been closed with her existing bank and didn't inform Santander about the reasons

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.

In response to the provisional decision, Santander and Miss M has raised a number of concerns, which I'll now address below.

Santander has said that it did let Miss M know it wasn't going to be able to offer her an account. It says it would have sent Miss M a letter, albeit it accepts that this may have arrived after Miss M found out her account wasn't going to be opened. So, it says it did *tell* Miss M it couldn't offer her an account.

Whilst I accept that Santander would have sent Miss M a letter, I still think it would have been helpful if Santander had let Miss M know it wasn't able to offer her an account sooner than it did. I can see that Santander took this decision on 9 September 2022 but didn't tell Miss M until 11 September 2022, and this appears to be only once Miss M had raised a complaint – after she'd moved her direct debits. Based on Santander's response to my provisional decision it seems Santander also accepts it sent Mr M a letter later than it should have. So, when I weigh everything up, I think Santander's communication could have been better in this particular case.

In response to the provisional decision, Miss M says she wants more compensation. And that £50 doesn't adequately reflect the trouble, upset and financial losses she incurred as a result of Santander not telling her soon enough that it wasn't able to offer her an account sooner than it did.

There isn't a set formula that we use to calculate awards for particular mistakes or poor service. It's my role to consider what impact Santander's actions have had on Miss M and

decide, within guidelines set by our service, whether compensation would be appropriate in the circumstances.

I've considered what Miss M has said about her personal situation and the impact Santander's poor communication had on her. I don't doubt Santander caused Miss M trouble and upset. So, I'm satisfied that compensation is appropriate for this. However, I'm satisfied that £50, is fair and proportionate to the trouble and upset Miss M was caused. In reaching this conclusion, I've kept in mind that Miss M hasn't provided any evidence to support these losses (call costs, parking fees). Given this and considering the overall circumstances of this complaint, I'm not persuaded to award Miss M more compensation.

In summary, I appreciate that Miss M will be disappointed by my decision, and I appreciate that Miss M was 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 be partly 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 final decision is that I partly uphold this complaint. To put things right Santander UK Plc should:

- Pay Miss M £50 compensation for the trouble and upset its poor communication caused her in this matter

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

Sharon Kerrison
Ombudsman