

The complaint

Mr L complains that Santander UK Plc repeatedly blocked his account and about the service that it gave him in connection with that.

What happened

Mr L complained that Santander unreasonably blocked his account causing him to miss payments and that it failed to contact him. He further complained that Santander wouldn't accept the information about his address abroad which he gave to it. He also believes that his letters to him were unreasonably threatening.

As part of its legal and regulatory responsibilities set out by the Financial Conduct Authority (FCA), Santander decided to carry out a "know your customer" (KYC) check on Mr L's accounts. It notified Mr L of this on 7 November 2022, in particular that it required proof of the address where he was currently staying abroad. Mr L contacted it to clarify what it wanted but didn't supply the necessary proof. As a result Santander blocked his account on 6 December 2022. Mr L called on 28 December regarding what information was required. He supplied documents evidencing his address on 29 December and the block was lifted. During the time the account was suspended, Mr L's standing order to his credit card was not paid, resulting in a late payment, default fee and interest being charged. Mr L complained about this and Santander agreed to pay him £50 to reflect the inconvenience caused.

Santander reviewed the information Mr L had supplied, but decided that the documents provided weren't sufficient proof of his address. It attempted several times to contact him but was unsuccessful. As a result, another block was put on his account on or about 20 February 2023 - the block was lifted again on 9 March. Mr L complained that his direct debit payment to a utility company had been rejected as a result. Santander replied that it hadn't made an error but would refund the late fee and interest charge on his credit card.

I understand, although as I shall set out below this does not form part of this decision, that Santander, at the end of March 2023, advised Mr L that it was closing his accounts.

On referral to the Financial Ombudsman Service, our Investigator said that Santander was entitled to make the checks it did but that it could have been clearer to Mr L about the blocks on his account and exactly what evidence was required of his address. However she said that the £50 payment made and the refund of interest and late payment fee on his credit card was appropriate.

Mr L did not agree, pointing out he had accounts at other banks and none of them had requested the KYC information, and that he had had an account with Santander for many years and it hadn't requested any such information before. He did not believe that Santander had attempted to contact him and that it should have accepted the evidence he provided about his residence abroad.

The matter has been passed to me for further consideration.

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 reiterate, as our Investigator has advised Mr L, that I am not dealing in this decision with the closure of Mr L's accounts. I understand that he's made a separate complaint to Santander about this and hopefully it will resolve the matter. If not, it will always be open to him to make a further complaint to the Financial Ombudsman Service.

As Santander has pointed out, it has certain legal and regulatory obligations. Those obligations have become much stricter in the past few years, mainly due to much tighter money laundering rules and the increase in fraud. This does unfortunately mean that honest customers will be subject to the stricter checks. In Mr L's case, Santander decided to carry out a KYC check. It is entitled to do this under the terms and conditions of the account and I can't dictate to it what checks it carries out or to ask it to give reasons why it did so in Mr L's case.

When Santander initially decided to carry out a KYC check, this was done through a credit reference agency (CRA). It contacted Mr L, who rang it back and was advised about what it required, concerning proof of address. I note that Santander attempted to verify the address through the CRA but was unsuccessful. As Mr L didn't supply the proof, I think that Santander acted reasonably in blocking his account.

I have noted that Mr L's account was unblocked on 28 December, and that Santander paid him £50 as a gesture of goodwill because his credit card payment was not paid. It later refunded the interest and late payment charge.

As the information Mr L supplied was not satisfactory to Santander because it was not in line with its terms and conditions in respect of acceptable evidence of address, it blocked his account again on 20 February 2023. Its notes say 15 February but it appears from the actual account records that it was 20 February. I note that Santander attempted to contact Mr L several times to advise him about this but again was unsuccessful. Mr L did have a utility payment returned unpaid, but as his account was unblocked again on 9 March, he would have been able to make a manual payment.

So Mr L's accounts were blocked between 6 and 28 December 2022, and again between 20 February and 9 March 2023. I think that Santander addressed the inconvenience caused to Mr L and his financial loss by paying the £50 and refunding the interest and late payment charge on his credit card.

Mr L believes that the KYC check was unnecessary. As I've set out above, I can't interfere with Santander's decision to carry out such a check. He also believes that Santander did not attempt to call him on the number supplied when he was abroad or that it could have called him on his online number. I've seen Santander's notes in this respect and it is clear that it made a number of attempts to get in touch with him on the number it had been supplied with. It also attempted to call his UK number but without success. So I can't find that Santander didn't make genuine attempts to reach him.

I further note that Mr L does not think that Santander should have written to him at his UK address. But given the fact that he was only temporarily abroad and that it was attempting to get proof of his address while abroad, I don't think that was unreasonable either. And communicating by e-mail is not necessarily a secure method of communication.

As for the nature of the evidence supplied about his address abroad, whilst I understand that

Mr L believes this should have been accepted, it is again a matter for Santander whether the nature of the evidence was in line with its terms and conditions.

In respect of the tone of the letters sent to him, I understand that Mr L believes that they were rude and unnecessarily threatening. I think that, as Santander was trying to get information from him required by its KYC check, it had to tell him what the effect of not sending the information required might be. So I don't think the tone was rude, but had to give him necessary information. As for the final response letter of 17 March 2023, I don't think that there was anything inappropriate about that letter.

My final decision

As I think that Santander UK PLC has paid Mr L appropriate compensation, I do not uphold the complaint..

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 20 November 2023.

Ray Lawley
Ombudsman