

The complaint

Mr F complains that Santander UK plc (Santander) sent him inappropriate letters regarding his credit card debt.

What happened

Mr F has a credit card account with Santander and in July 2019 he received a letter from them advising his account was classified as being in persistent debt. Mr F says he found the letter insulting and he not only never missed a monthly payment, had regularly made extra monthly payments on top of the minimum required. Mr F received a second letter about his credit card and doesn't feel he should receive these going forward.

Mr F also says that the letters were addressed incorrectly and Santander didn't reply to his concerns regarding the level of his minimum payments he makes by way of a direct debit each month.

Santander says that they have a responsibility to issue such automated letters to customers whom they feel meet the definition of persistent debt as described by The Financial Conduct Authority (FCA). Santander says the letter wasn't intended to cause offence, they were simply bringing the matter to his attention and providing options to reduce the debt as they are obliged to. Santander also apologised for a mistake concerning his address and this has now been corrected.

Mr F wasn't happy with Santander's response and feels Santander should stop sending these letters and compensate him for his time and inconvenience and referred the matter to this service.

The investigator looked at all the available information but didn't uphold Mr F's complaint. She felt that Santander acted reasonably sending out the persistent debt letters as part of their responsibilities set out by the FCA and didn't feel these letters were intended to be offensive. The investigator says that the monthly statements that Mr F receives shows the amount of the direct debit to be collected so he should be aware of this. The investigator didn't feel Santander had done anything wrong or any compensation was warranted.

Mr F was unhappy with the investigators view and asked for the matter to be referred to an ombudsman for a 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.

Having done so, I have come to the same outcome as the investigator and I will explain how I have come to my decision.

When looking into this complaint I have considered if Santander acted unreasonably when

they sent letters to Mr F about his credit card account and identifying his account as one of persistent debt.

I can see Mr F thought the letters sent by Santander were insulting and inappropriate given the way he has operated his account. I understand the point Mr F is making here, but these letters are a requirement of all banks, including Santander, following guidance issued by the FCA, whom they are regulated by. The reference to persistent debt is defined as “when a consumer has paid more in interest, fees and charges than they’ve repaid towards the capital they owe over the previous 18 months”.

These letters are designed to inform customers, in those situations, of the various options available to them to help reduce the cost of their borrowing. From the bank statements I have seen while Mr F makes additional payments, from time to time, on top of his minimum monthly payment to his credit card account, it would still meet this definition - so I can’t see that Santander were wrong in sending these letters to him and this is what I would expect to see here.

I do understand that Mr F wouldn’t have expected to have received a letter like this, given he met his monthly payment obligations and it may have come as somewhat of a surprise to him to have his account categorised in this way. I would say that it is difficult for banks like Santander, to personalise automated letters like these, especially when they are sent to large numbers of customers, which would have been the case here. I am satisfied that the letter was not intended to offend but to highlight the options available to Mr F to accelerate the repayment of the debt. The letter was intended to help Mr F reduce the cost of his borrowing and this in line with their obligations. I can see another letter was sent in April 2020 which acknowledged Mr F had increased his repayments which if continued would bring him out of persistent debt, this is good to see.

Mr F says he doesn’t want to receive these letters from Santander going forward, but Santander are obliged now, and in the future, to advise Mr F if his credit card remains in the definition of persistent debt and of any actions they may have to take in those circumstances. I am satisfied that Santander are acting responsibly here and have acted in line with their obligations to the FCA.

As to Mr F’s issue over his direct debit payment not being advised to him, I have considered this, but these payments will change from month to month depending on the level of any outstanding balance, which of course can fluctuate from time to time. Santander provide details on Mr F’s monthly statement of the amount due and when the minimum monthly direct debit payment will be collected, so I am satisfied Mr F would be aware of this. If Mr F wishes to change this to a fixed amount for example, he can contact Santander to discuss this.

Mr F says that Santander sent him letters without the correct address details on more than one occasion. I can see these letters were received by him and Santander have apologised for that and have now correctly amended his address details. Given Mr F received the letters despite the incorrect details, I am satisfied that Santander’s apology is sufficient here, as Mr F hasn’t been overly inconvenienced as a result.

While Mr F will be disappointed with my decision, it follows for the reasons I have given before, that I won’t be asking anymore of Santander here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 19 November 2020.

Barry White
Ombudsman