

The complaint

Mr F has complained that Santander UK Plc transferred his credit card debt to a debt collection company without telling him. He's also unhappy that a default has been recorded with credit reference agencies.

What happened

Mr F held a credit card account with Santander.

In June 2020, he received a letter from a debt management company to say that they'd taken over the management of his debt with Santander. Mr F then contacted Santander to ask why the debt had been transferred. They said that a default notice had been sent to him although he said that this wasn't received. They also said that a letter had been sent to say that the debt was being transferred. Mr F claimed that this hadn't been received either.

Mr F decided to raise a complaint with Santander. Santander confirmed that the address they held was still correct. They explained that they couldn't see any errors and, therefore, didn't agree with Mr F's complaint.

Mr F was unhappy with the outcome and decided to refer the matter to this service. One of our investigators has looked into his complaint. He didn't agree that Santander had made a mistake here. Mr F was unhappy with the outcome and stressed again that he hadn't received either a default notice or a letter informing him of the transfer to a debt management company. He has asked for his case be referred to an ombudsman to make a final decision.

Santander have since said that although it is normal to issue a letter to advise of the transfer, one wasn't issued on this occasion. They were unable to explain why. The complaint has now been passed to me to reach 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.

I've seen that Santander were willing to discuss Mr F's situation with him and see what they could do to help with his financial difficulties. For example, since 2018, Santander have been willing to agree breathing space when Mr F needed it, suspend interest and charges to help him and signpost him to appropriate organisations that might be able to help him.

In December 2019, Santander called Mr F for an update. He told them that he'd received debt advice to agree token payment arrangements for his debts. However, he was unable to speak fully at the time of the call. He agreed to prepare details of his income and expenditure for a further call the following day. I can't see any record of this call taking place until early in January 2020 when an in-depth review of Mr F's income and expenditure was

completed. This showed a small shortfall in Mr F's income against his outgoings. Mr F agreed to call Santander back after he'd agreed arrangements for two other debts.

Mr F called Santander back three days later. It was clear that there was no surplus income to meet repayments. Santander continued to look for solutions clearly explaining the options and what could happen if nothing could be agreed or if small payments weren't made at all. Overall, I think that Santander have tried to be as reasonable and supportive as they can be here, by working with Mr F to come to an agreement and avoid further steps to recover the debt.

Santander have provided copies of Mr F's credit card statements for the period November 2019 to April 2020. I can see that Santander continued to refund charges and interest. I also see that only two payments were received from Mr F. One for £1.00 in November and another for £5.00 in January. No other payments were received. There's also no record of any further discussions between Mr F and Santander, despite the previous conversations.

In February 2020, Santander sent a default notice to Mr F. I've looked at this and it shows details of the arrears on the account and says that this should be paid within 14 days. It also says that *"if you fail to make the payment, we'll demand you repay the total balance immediately. We may also take legal action against you or refer your account to debt recovery agents"*. Given that Santander hadn't received any further contact or satisfactory proposals from Mr F, I don't think this is an unexpected or unreasonable step by them.

Although I appreciate that Mr F says that he didn't receive this notice, Santander's records show that it was sent to his usual address. I understand Mr F's frustration, but Santander have shown confirmation that it was sent, and I can't hold them responsible if the postal service failed to deliver the notice. Particularly when all other letters and statements appear to have been delivered successfully.

In March 2020, Santander sent a further letter to Mr F advising that they planned to inform credit reference agencies of the default if the arrears weren't cleared or a repayment plan agreed within 28 days. This letter also provided contact details for free help and advice from debt support organisations. This is normal practice among lenders, and I don't think it was unreasonable for Santander to have sent this here. In any situation where a debt has been defaulted, it is the lenders responsibility to ensure that credit reference information accurately reflects the situation.

In June 2020, Mr F received a letter from a debt management company to advise that they had taken over the management of his account. This was also sent to the same address as all the other letters and was received by Mr F.

Santander have since confirmed that it is their usual practice to send a further letter advising of the transfer to a debt management company. On this occasion though, it wasn't sent. They've been unable to explain why this didn't happen. Although this isn't ideal, I don't think it means that Santander should remove the default or take the debt back from the collection agent. Ultimately it was entitled to do this based on Mr F's financial position, the situation with the account and the lack of contact from him.

While receiving the letter from the debt collection agent may have been upsetting without a further explanation from Santander, it was also set against the context of Santander explaining what could happen if payments weren't made.

There is a history of late payments and discussions between Santander and Mr F. Santander have tried to be supportive of his situation. They've regularly waived or refunded interest and charges. They explained clearly what they needed and also what might happen

if payments weren't made or an agreement wasn't reached. They suggested organisations who may be able to provide support and guidance for Mr F. These are steps I'd expect a lender to take in these circumstances. I don't believe that Santander could've done anything more here. Ultimately, Mr F wasn't able to manage the account and Santander took further action to recover the debt. They were entitled to do that and, while they may not have sent one letter – I'm satisfied they sent others and that Mr F should have been aware that they could take further steps to recover the debt.

While I understand how disappointed Mr F is, for the reasons set out above I'm unable to find that Santander made an error in transferring his credit card debt to a debt management company. I also can't find that Santander was wrong to provide the default information to credit reference agencies and so I'm unable to uphold his complaint

My final decision

For the reasons set out above I don't uphold Mr F's complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 4 March 2021.

David Morgan
Ombudsman