

The complaint

Ms M's complained that, despite making overpayments to her credit card account she had with Santander UK Plc, the balance wasn't reduced as she expected. And Santander continued to send her persistent debt letters, which she found threatening and stressful.

What happened

Ms M had a credit card account with Santander for a number of years. By 2018, Santander had identified her as being in persistent debt because she'd paid more in interest, fees, and charges over an 18 month period than she had to reduce the card balance. So they began to write to Ms M about how to reduce what she owed.

Ms M had a direct debit in place to make sure her minimum payments were made on time. But, in response to Santander's letters, Ms M began to make additional payments by direct transfer to try and reduce what she owed.

The payments didn't reduce her balance by as much as Ms M expected. She says she contacted Santander over about two years to find out why that was. But they couldn't tell her. And it was only in March 2020 that someone at Santander realised that the payments she'd made had reduced the direct debit taken from her account, rather than reducing what she owed.

Ms M was unhappy that it took Santander so long to recognise the issue and complained about this – and about the persistent debt letters she'd continued to receive, which she said were threatening and caused her anxiety. She said they should be directed to people who weren't trying to address their debt as she was.

Santander investigated Ms M's complaint but didn't uphold it. They apologised for any stress their letters had caused her. But they said they were required by the Financial Conduct Authority (FCA) to send them to all customers who were in persistent debt. As Ms M had found them threatening, Santander said they'd review the letters' content.

Santander said they'd reviewed the payments Ms M had made and could see the additional payments she was making were causing an adjustment to the amount of her direct debit because of the time of the month Ms M was making them.

Ms M wasn't satisfied with Santander's response and brought her complaint to us. Our investigator considered it and concluded Santander didn't need to do anything more to resolve it. She said they had to send Ms M letters about her debt as the FCA required them to do that.

And the investigator said that the persistent debt letters sent to Ms M and her monthly statements both warned her that, if she made additional payments more than five days before her direct debit was due, those payments would reduce the direct debit amount taken, rather than reducing what she owed.

Ms M didn't agree with the investigator's view. So I've been asked 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.

Having done that, I'm not upholding Ms M's complaint. I'll explain why.

I understand Ms M's concern. She did as she was asked by Santander and made additional payments – only to find out they weren't reducing her debt. She told the investigator she wanted them applied to reduce what she owed. I can see why she'd say that. But I can only say Santander should do more to resolve her complaint if I think they did something wrong.

As our investigator explained, all lenders are required by the FCA to monitor their customers' repayments on a monthly basis. And, if the customer has paid more in interest, fees, and charges over the preceding 18 months than they have to reduce what they owe, the FCA says those customers should be treated as being in persistent debt.

That means the lender has to write to the customer about options, including increasing their monthly payments and making additional payments so their debt is paid off more quickly. They also have to explain the potential consequences of not doing so. And they have to repeat this if the customer remains in persistent debt after 27 and 36 months.

I've looked at the letters and I'm satisfied Santander's provided the information the FCA says they had to. So, while I'm sorry they upset Ms M, I can't say the letters shouldn't have been sent.

And I can see the letters did prompt Ms M to try and reduce her debt by making additional payments. That wasn't successful. So I've thought carefully about whether that's because Santander did something wrong.

As our investigator explained, both the persistent debt letters Ms M received and her monthly statements say that additional payments made within five days of the direct debit due date will reduce the amount taken by direct debit from Ms M's account, rather than being an additional payment. I can see from looking at several months' worth of statements that's what happened. The direct debits credited to the account are for less than the minimum payment, with the balance being made up of extra credits from Ms M.

I think the letters and statements make it clear this will happen. Ms M told the investigator it was unreasonable to assume the public will read everything. I don't agree that's the case. I think businesses are entitled to rely on the fact customers will read the information they send to help them manage their accounts.

I understand Ms M tried to contact Santander when the amount she owed didn't drop as she expected. In that case, I'd expect Santander to be able to talk to her about her account. But Ms M says she got no useful information for about two years.

While I don't doubt what Ms M says, she's not provided any evidence to support it. So I asked our investigator to contact Santander and get call recordings for this period. Santander have searched their records using the number we have for Ms M and two others. None have produced any records for me to consider.

In the absence of those records, I can only rely on the written evidence mentioned above to make my decision. That shows Santander gave Ms M the information they're required to about her debt and guidance on how she could reduce it. Without anything to contradict that, I don't think they need to do any more to resolve Ms M's complaint.

My final decision

For the reasons I've explained, I'm not upholding Ms M's complaint about Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 13 April 2022.

Helen Stacey
Ombudsman