

The complaint

Miss W complains about the way Shawbrook Bank Limited administered her personal loan.

What happened

Miss W took out a personal loan for £7,500 with Shawbrook in 2017. The repayments were £210.52 a month, over a 42-month term. Miss W managed the loan well but in late 2019 she started having issues with her repayments due to a change in circumstances. She kept Shawbrook informed and it agreed to reduced repayments while she looked for a new job and sought to sell a property. It also sign-posted her to debt charities for advice.

Miss W's plan was to sell her property in late March/early April 2020, and then settle the loan in full. Unfortunately, the sale couldn't go ahead because of the Covid pandemic. Miss W asked Shawbrook for a Covid related payment deferral, meaning she wouldn't need to make a repayment towards the loan for up to three months. Around this time she also made Shawbrook aware she wasn't happy with how things were being handled and made a Data Subject Access Request (DSAR).

When Miss W first asked about the payment deferral in late March 2020 the scheme had been mentioned, but guidance from the regulator, the Financial Conduct Authority ("FCA"), hadn't been issued. In early April 2020 Miss W was invited to apply for a payment deferral, which she did. She received an acknowledgment by text message saying the FCA were due to issue guidance the following week. And the following week, on 11 April 2020, she received a further text message saying the guidance had been issued and her application would be processed.

On 27 May 2020 Miss W was sent a text message saying her payment deferral had been declined. But in the meantime, Shawbrook sold Miss W's account to a third party, which I'll call "A". It migrated on 23 May 2020. So when Miss W called Shawbrook to ask why her request had been declined she was told she'd need to speak to A.

Miss W had made Shawbrook aware of her dissatisfaction with how things were being handled at a number of points. Shawbrook issued a final response letter in June 2020. It apologised for how long it had taken for a decision to be made on Miss W's request for a payment deferral and said it had been declined because she had been in arrears before the scheme came about.

Miss W referred her complaint to our service but had some further communication with Shawbrook. In August 2020 it confirmed the DSAR information had been sent and paid Miss W £300 compensation to apologise for the poor service she'd received. Later in the year Miss W raised some concerns about the information Shawbrook had reported to the credit reference agencies – I'm not aware of this being addressed.

Our investigator concluded, in summary, that Shawbrook had treated Miss W fairly as she wasn't eligible for a Covid related payment deferral and Shawbrook was entitled to sell the debt on. Miss W didn't agree. She remained of the opinion Shawbrook hadn't acted as it

should. As an agreement couldn't be reached the complaint was passed to me to decide and it was following this some of the latter developments came to light. I issued a provisional decision setting out my thoughts. I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I would firstly say I've summarised Miss W's complaint in less detail than she has presented it. And my findings will focus on what I consider the crux of the complaint and so won't be as detailed as she might like. Neither of these actions are meant as a discourtesy. Instead, they reflect the informal nature of our service. But I can assure Miss W (and Shawbrook) that I've considered the whole file. If I don't mention something, it's not because I've ignored it – I haven't – it's just that I don't think doing so is necessary to reach a fair outcome on this complaint.

Late 2019 to Miss W's request for a payment deferral

When Miss W's circumstances changed in late 2019 she kept Shawbrook informed and from its records I'm satisfied it sought to understand her situation, sign-posted her to debt charities and agreed to reduced payments. So I think it treated her fairly here. It's very unfortunate her property sale couldn't proceed as this would have allowed for the account to be settled and therefore brought things to an amicable conclusion.

The payment deferral

When Miss W first asked Shawbrook for a payment deferral the relevant guidance hadn't been issued. So I think it was reasonable for it to decline her request until the guidance had been issued, and when it had been Shawbrook agreed to consider it. Shawbrook has explained it had a high volume of applications and each needed reviewing. It says it did them as quickly as it could, and approved requests were backdated (seemingly to mitigate the impact of delays).

I accept Shawbrook had a challenge on its hands at what would have already been a difficult time from an operational point of view as a result of the pandemic. But I think Miss W ought to have received an answer sooner given Shawbrook was already aware of her circumstances and it had a call with her to discuss her arrears on 14 May 2020.

When Shawbrook reviewed Miss W's request for a payment deferral it was declined because she had existing arrears on the account. Miss W has argued she was in arrears because her payment deferral hadn't been actioned/accepted. I don't think that's right though as the account history shows she was in arrears from January 2020 onwards. Payment deferrals were meant as a short-term measure for people impacted, or likely to be impacted, by the pandemic. As Miss W's difficulties pre-dated the pandemic, she wasn't eligible for a payment deferral. It follows that it was fair and reasonable for Shawbrook to decline her request.

That didn't mean Shawbrook had no responsibility to support Miss W in other ways. However, by the time the decision has been made to decline her request for a payment deferral the account had been sold on, which I'll come on to next.

The sale of the account

Shawbrook has explained Miss W's account was part of a large portfolio sale and that the individual status of each account had no bearing on whether it was included in the portfolio or not. I haven't seen anything to persuade me this wasn't the case, so I don't agree with Miss W that Shawbrook decided to sell her account to avoid dealing with her.

Miss W has also suggested that Shawbrook had no right to sell her account. From looking at the loan agreement, however, it did. But having the right, and exercising that right fairly, aren't the same thing.

In this particular case Shawbrook knew Miss W was going through a difficult time both financially and personally. It also knew she was unhappy with how her account was being handled and that she had an outstanding request for a payment deferral. I don't think selling the debt was the right thing to do here and I'm satisfied doing so had a detrimental impact on Miss W. I say this because my understanding is A didn't know what had happened previously regarding Miss W's circumstances and Miss W was asked to make her full contractual payments initially, which would have been frustrating and concerning.

The DSAR

Miss W made a DSAR in April 2020. She had to chase it several times and received the information in August 2020. It's not for me to enforce data protection regulations – that's for the Information Commissioner's Office. But I can consider the customer service Shawbrook provided. Having done so, I think it could have done better here.

Information reported to the credit reference agencies

Miss W has provided a screenshot of her credit report updated on 12 May 2020. This shows she missed payments in March, April and May 2020. I think this is an accurate reflection of the account history as by March 2020 Miss W was more than a full payment behind. Had Miss W's payment deferral been agreed in April 2020, her credit file would show differently as arrears aren't reported during a payment deferral. But for the reasons set out above she wasn't eligible for a payment deferral so that's not relevant here. I have also considered whether things would have worked out differently had Miss W been told her request for a payment deferral had been declined sooner. I don't think they would have. I say this because Miss W wouldn't have been able to pay the arrears regardless. It follows that I don't intend to require Shawbrook to amend Miss W's credit file.

In late 2020 Miss W was concerned that despite the account being sold to A, Shawbrook was still reporting adverse information about it to the credit reference agencies. She's provided a screenshot. This shows a record of the account updated on 18 October 2020, with six months of missed payments in each of the previous three months. But the screenshot doesn't make it clear which firm has reported the information. I asked Miss W for a copy of her credit file but she declined my request, so I must make a finding on what I think is most likely based on the information available to me. Given the history only goes back three months, and because ordinarily the firm selling an account would stop reporting it, I think the screenshot most likely shows information provided by A. If Miss W thinks it's incorrect, she'll need to take that up with A.

Overall

As set out above, there were times when I think Shawbrook could have handled things better. I don't think these things would have made a material difference to the position the account was in and I'm pleased Miss W has since released equity from a property and repaid the loan, bringing an end to this matter for her. I do think compensation for the distress and inconvenience she was caused throughout is appropriate. But, looking at things in the round, I'm satisfied the £300 compensation Shawbrook has already paid Miss W fairly recognises the impact its actions had on her. So I don't intend to require it to pay her more than that."

Shawbrook accepted my provisional decision. Miss W didn't accept it and provided further comments for me to consider, which broadly fall into the following points:

- She wasn't treated fairly when she made Shawbrook aware of her financial difficulties;
- She should have been given a payment deferral at the point she asked for one;
- Her credit file doesn't accurately reflect what happened on the account; and
- Shawbrook's actions had a significant impact on her and £300 compensation isn't adequate.

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'm not going to require Shawbrook to do anything further to resolve this complaint. I'll explain why and for ease will address the points set out above in turn.

Miss W wasn't treated fairly when she made Shawbrook aware of her financial difficulties

Miss W has said she remains of the opinion Shawbrook didn't treat her fairly when she contacted it about her financial difficulties in late 2019/early 2020. She says if it'd taken her income and expenditure details, which she had to hand, a payment arrange could have been agreed which would have avoided much of what later transpired.

I've revisited Shawbrook's contact notes. These are contemporaneous notes taken by Shawbrook following contact from Miss W and in my view are valuable insight into what was discussed. Having reviewed them in full, alongside Miss W's comments, I remain satisfied Shawbrook treated Miss W fairly. I'll set out a summary of what some of the notes describe below.

- 3 December - 2019 - Miss W said she'd been made redundant, had found a new job and asked to defer her repayment until the end of the month. Shawbrook agreed to this.
- 31 December 2019 - Miss W explained her situation, made a payment and said she was looking to settle the account. The note says financial support wasn't required.
- 8 January 2020 - a payment was agreed for £100. Miss W said she was selling her property and once sold would settle the account.
- 27 January 2020 - Miss W explained her situation and said she couldn't make a payment. Shawbrook agreed to put the account on hold for 30 days while she sought

debt advice.

- 27 February 2020 - Miss W said she'd received advice from a debt charity to contact her creditors to explain she'd settle all her debts in early April 2020 through the sale of a property. She said she couldn't make any payments as she was on Statutory Sick Pay and was behind on her bills and mortgage. And she asked for the account to be put on hold until April 2020. Shawbrook was open to this but Miss W declined to provide proof her property was for sale which led to further contact.
- 2 April 2020 - Miss W said she was unable to make any payments and was waiting to hear whether she was entitled to Universal Credit. It was agreed when she knew, she'd call to go through her income and expenditure.

The focus following the above became the Covid related payment deferral, which I'll come on to later in this decision.

On each interaction Shawbrook asked Miss W about her circumstances and I think going through things chronologically rather than with the benefit of hindsight, Shawbrook's actions were reasonable. When Miss W said she couldn't make a payment it gave her breathing space. When she said she would settle the debt following the sale of a property, it was open to placing the account on hold. When the sale couldn't proceed it was willing to do an income and expenditure exercise, albeit this action was superseded by Covid related events.

Miss W's recollection of events differs to what I've set out above. She says she asked for support though an '*official repayment agreement*' from late 2019 but it was refused despite her repeated requests for support. I'm not persuaded this is the case. Based on what's been presented to me I don't think a repayment arrangement was a viable option and I think Miss W's focus was on the sale of her property to settle the account, rather than on a repayment arrangement. Ultimately the account was in arrears and an arrangement to pay wasn't in place so I don't think I can fairly require Shawbrook to amend her credit file to show that one was.

Miss W should have been given a payment deferral at the point she asked for one

Miss W remains of the opinion she was entitled to a payment deferral. She's provided links to FCA publications which she says shows they were available earlier than Shawbrook says they were and that she was entitled to one.

I accept the government and the FCA made proposals about payment deferrals before Shawbrook agreed to consider her request on 11 April 2020. But proposals - which is what they were - aren't the same as published guidance. The FCA's proposal, published on 2 April 2020, said if confirmed, the measures would start on 9 April 2020 and that "*Lenders do not have to put these measures in place until they come into force*". And following a brief consultation, that's what happened, with the measures coming into force - and guidance being issued - on 9 April 2020. Shawbrook asked Miss W if she wanted to apply for a payment deferral off the back of the consultation and agreed to consider it when the measures came into force. I don't think it did anything wrong here.

Miss W is of the opinion she was entitled to a payment deferral at the time she applied for one. As set out above, when she applied for one and when Shawbrook was obliged to consider one aren't the same thing. But in any event, I think the proposal and guidance made clear payment deferrals were meant for borrowers impacted by Covid, and not for borrowers already in an unstable financial position. Miss W's difficulties pre-dated the pandemic and their origins weren't connected to it. It follows I remain satisfied Miss W wasn't entitled to a payment deferral.

Miss W's credit file doesn't accurately reflect what happened on the account

As I set out in my provisional decision, Miss W has provided a screenshot of her credit report updated on 12 May 2020 which shows she missed payments in March, April and May 2020. I remain of the opinion that's accurate and as I've explained above, I don't think I can fairly ask Shawbrook to change it to show an arrangement to pay.

Miss W has explained why she opted not to pay for a copy of her credit file to support her view Shawbrook continued to report adverse information to the credit reference agencies despite no longer owning the debt. I respect her choice. But as a consequence, I see no reason to deviate from the conclusion I reached in my provisional decision, namely, that I'm persuaded the screenshot showing the adverse information most likely shows information provided by A.

Shawbrook's actions had a significant impact on Miss W and £300 compensation isn't adequate.

I have a great deal of sympathy for Miss W. I don't underestimate the difficult situation she found herself in both financially and personally. No doubt she had a terrible time and I hope things have improved for her. I also accept, for the reasons I set out in my provisional decision, that there were times Shawbrook let her down. But no matter my sympathies, I must approach this matter objectively and bear in mind Shawbrook isn't to blame for all the circumstances Miss W found herself in with her work, personal and family life. And although I accept this will come as a disappointment to Miss W, my opinion remains that £300 compensation fairly reflects the impact Shawbrook's failings had on her.

My final decision

Shawbrook Bank Limited doesn't need to do anything further to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 6 October 2021.

James Langford
Ombudsman