

The complaint

Mr P complains about the interest Santander UK Plc charged over the course of eight years on an outstanding credit card balance. He's also unhappy he was told the account would be frozen whilst the complaint was investigated but this didn't happen.

Mr P is represented throughout this complaint by his son, also Mr P, but for ease I'll refer to him as Mr A. Mr P is also represented by Mrs M.

What happened

Mr P opened a credit card account with Santander in May 2010.

Following a visit to a branch of Santander in July 2019, Mr A complained on his father's behalf about the interest that had been applied to the account over the previous eight years.

Mr A said Mr P was a vulnerable customer and didn't understand the consequences of accruing interest charges on his outstanding balance. By allowing interest to accrue for such a period of time, Mr A said Santander had acted in a cynical manner and not made significant effort to understand what was going on.

Mr A also said he was informed by an advisor when visiting the branch Mr P's credit card would be frozen, and no further interest would be charged while the complaint was investigated. But he later found out this wasn't the case and a further £100 interest had accrued.

Santander investigated the complaint but said all interest and fees applied to Mr P's account had been done so correctly. They said it's a customer's responsibility to ensure they can maintain their card and Mr P had been sent monthly statements informing him of his account status. Santander also said Mr P's account had been open since 2010 with payments being made to it and they'd not been informed of any concerns before the complaint was raised.

Mr A didn't agree so referred Mr P's complaint to our service.

Whilst investigating the complaint there was a disagreement between our investigator and Santander about how far back our service could look into things. It's since been agreed that the complaint could be investigated in its entirety, so I won't be commenting further upon this within my decision.

One of our investigators looked into things but he didn't uphold the complaint, saying he felt Santander had done all they could to make Mr P aware of the risks of not paying more than the minimum payment to his account each month. Our investigator also said he'd seen nothing to say Santander had been made aware of any vulnerabilities at the time which would've given them cause to treat Mr P differently.

I'm also aware during our investigation focus was placed on concerns such as the initial sale of the credit card account to Mr P which Mr A has confirmed weren't ever concerns raised as part of the complaint to Santander. Mr A has kindly clarified the two concerns he considers to be the crux of the complaint which I've set out above. So, it follows it's those complaint points I'll be focusing on throughout my decision.

Mr A didn't agree that by sending Mr P letters Santander had done everything they could've to help him. He pointed out they didn't try to ring him at any point over the course of eight years to try and understand his position.

Mr A believes Santander should've taken reasonable steps to ascertain whether Mr P was vulnerable or not in line with the Financial Conduct Authority's (FCA) guidance for firms on the fair treatment of vulnerable customers. He says after the initial 18 months of Mr P repeatedly paying the minimum payment Santander should've done more and have acted negligently by not doing so.

As Mr A remained unhappy this complaint has been passed to me to decide.

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.

After reviewing the complaint, I didn't fully agree with our investigator. So I issued a provisional decision on 18 November 2021. In this I said:

Firstly, I am very sorry to hear that Mr P has had a difficult time. I acknowledge that his circumstances must have been extremely challenging for him and his family. That said, it isn't in dispute that Santander weren't made aware Mr P's health conditions which made him vulnerable until a complaint was raised in July 2019. So, it is for me to consider if I think Santander should've reasonably have had cause for concern before then.

It's important to say a credit card is a self-managed account. At the time of Mr P taking out the account he was 77 years old. Santander's actions of initially approving the account for Mr P in May 2010 aren't in dispute and he went on to use the card regularly, paying off the balance in full each month until October 2011.

At this point Mr P began to make smaller repayments to his account, alongside increasing his spending. This meant over time his outstanding balance increased each month until he neared his agreed limit.

Over the course of the next eight years Santander sent Mr P multiple letters advising him the cost of his overall borrowing would increase if he continued to make the repayments he was. Mr P also received statements advising him of the status of his account.

Mr P continued to make repayments on time to his account, only exceeding his agreed limit by a very small amount on two occasions during that time. On both occasions Mr P's account was brought back within his limit promptly by a payment being made in addition to his usual monthly payment for that month.

Whilst I acknowledge Mr P ultimately wasn't managing his account in the most cost-efficient way, he was managing it within the parameters the terms and conditions allowed. I see no signs, apart from Mr P's age, which alone isn't a characteristic of vulnerability, I consider should reasonably have caused Santander to have acted differently.

It follows that I don't think Santander should refund the interest and charges added to Mr P's account over the last eight years.

That brings me onto Mr A's second complaint point – that when he complained in July 2019, he was told Mr P's account would be frozen, stopping the accrual of interest and charges.

Whilst I wasn't present when this conversation took place, I'm persuaded by Mr A's testimony. I say this because Mr A says he paid off Mr P's overdraft at the time and when he found out interest was continuing to accrue on Mr P's credit card, he cleared the balance on the credit card as well.

So, I'm satisfied he would've more likely than not have done the same (paying off the credit card at the same time as the overdraft) had he have not been led to believe the account would be frozen.

In any case, it was at the time of Mr A's visit to the branch on 1 July 2019, that Santander were made aware of Mr P's vulnerabilities. So, I would've expected them to take this into account and act more empathetically especially whilst a complaint was fully investigated. Freezing any further interest or charges would've been a fair and reasonable action to have taken.

Because of this I'm minded saying Santander should reimburse Mr P any interest and or charges applied to his account from 1 July 2019 to the date the balance was repaid.

Neither Mr A nor Santander agreed with my provisional decision. I've considered their comments, but my decision remains the same. I'll explain why.

Mr A responded to say whilst he would not be contesting my provisional decision, he didn't agree with it, specifically noting my failure to understand the nature of Mr P's health condition or to make reference to the FCA's guidance on vulnerable customers.

I understand this wasn't the outcome Mr A hoped for. I acknowledge Mr P's health condition is of a very serious nature and no courtesy is intended by me not mentioning it in detail. Instead, I've concentrated on what I think are the key issues here. Our rules allow me to do this.

This reflects the nature of our service as an informal alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every detail to be able to reach what I think is the right outcome reasonable in the circumstances of this complaint.

Santander weren't informed of Mr P's vulnerabilities until July 2019 so I need to consider if they should've been aware from the information available to them. Mr P was managing his account within the parameters the terms and conditions allowed.

I considered the FCA's guidance when reaching my decision, but it remains, for the reasons previously mentioned, I see no signs, apart from Mr P's age, which alone isn't a characteristic of vulnerability, I consider should reasonably have caused Santander to have acted differently prior to July 2019.

Regarding Mr A's second complaint point, Santander responded to say they didn't agree they should be liable to refund any charges after July 2019, because they'd not been provided with any medical evidence at the time to allow them to understand Mr P's vulnerabilities. I've thought about this, but it doesn't change my decision.

As I've previously said, I'm persuaded by Mr A's testimony that he was told Mr P's account would be frozen, stopping the accrual of interest and charges, when he visited the branch in July 2019. Put simply, had Mr A cleared the balance at the time, which he says he would've done had he not been led to believe it was being frozen, no further interest would've been charged.

I remain satisfied this is what Mr A would've more likely than not have done so I consider it fair and reasonable Santander should reimburse Mr P any interest and or charges applied to his account from 1 July 2019 to the date the balance was repaid.

Putting things right

For the reasons I've given above, I uphold this complaint and direct Santander UK Plc to:

- reimburse Mr P any interest and or charges applied to his account from 1 July 2019 to the date the balance was repaid.

My final decision

My final decision is that I uphold this complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 29 December 2021.

Sean Pyke-Milne
Ombudsman