

The complaint

Mr O complains that Santander UK Plc treated him unfairly by threatening to restrict the use of his credit card.

What happened

In May 2020, Mr O received a letter saying his credit card was in persistent debt. He says he increased his payments and stopped spending on the card resulting in him reducing his outstanding balance by around £1,800 in nine months. In February 2021, he received a letter saying he had until 10 April to take action in regard to his credit card and that his ability to withdraw cash had been suspended.

Mr O rang Santander on 10 February and says he was told that because he didn't have a direct debit set up he didn't look like he had taken action to address the issue of his persistent debt. He then received a letter saying he needed to set up a direct debit or the card would be blocked even if he was making manual payments. Mr O wrote to Santander setting out his complaint and referencing relevant regulations but says his points weren't addressed.

Mr O says that Santander acted unfairly by blocking his cash withdrawal facility given the payments he had been making and by also further threatening to block use of his card. He says that there was no regulation that meant he had to have a direct debit set up and that Santander was acting irrationally by accepting a direct debit payment for an amount less than he was already paying through other channels. He said Santander hadn't responded to his specific points but just made general references. He said he is now unclear if he can use his credit card given the correspondence that it would be blocked if he didn't set up a direct debit but that other letters suggested the card hadn't been blocked.

Following Mr O referring his complaint to the Financial Ombudsman Service, Santander sent him a letter accepting that errors were made. It apologised and paid him £500 compensation. It said that it was within its rights as set out in the terms and conditions to remove the cash facility on Mr O's card and that Mr O could request that this be reinstated when the persistent debt balance had been paid in full.

Santander confirmed that Mr O's card exited Persistent Debt in August 2021 and that no adverse information was recorded on Mr O's credit file apart from in December 2019 and January 2020 when Mr O didn't meet the minimum monthly payment by the due date and this was noted.

Our investigator thought that by apologising for the issue, paying Mr O £500 and taking on board the issue raised, Santander had done enough to resolve this complaint.

Mr O didn't agree with our investigator's view. He said that the decision to block his cash withdrawal facility was incorrect and that Santander had no substantive reason to take this action. He said his account exited persistent debt, but he hadn't been contacted about whether the cash facility had been restored. He also didn't think enough weight had been

placed on the fact he felt pressured into setting up a direct debit facility by all levels of Santander.

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.

Santander wrote to Mr O because his account was in persistent debt. This is in line with the requirements on Santander. After receiving the letter in May 2020, Mr O has explained he increased his payments and stopped spending on the card. Therefore, I can understand why he was upset in February 2021 when he received a letter saying he had until 10 April to choose between making overpayments or increasing his monthly payments to make sure the outstanding balance was cleared within four years. The letter also said his ability to withdraw cash from an ATM would be suspended.

Santander has explained that while Mr O had acted following the May 2020 letter this wasn't enough to prevent the February 2021 letter being sent. So, while I can understand why Mr O was upset and confused as to why he had received the letter given his actions, I do not find I can say that Santander was wrong to send this.

However, when Mr O contacted Santander about the February letter he wasn't given correct information about the need to set up a repayment arrangement or direct debit. He then received a letter saying he needed to set up a direct debit or his card would be blocked regardless and whether manual payments were made. Mr O then spent time on calls and letters trying to get a clear answer to support this advice but this wasn't provided.

In May 2021, Santander wrote to Mr O apologising for the service he had received. It said that when Mr O contacted it about the February 2021 letter he should have been told why the this had been sent and that if he continued making payments as he had been then the account would not be blocked. It responded to Mr O's question including the specific regulation he had referred to and said that Mr O wasn't required to formalise his arrangement or set up a direct debit and that taking the action he had was sufficient. Santander also apologised that Mr O's calls and letters about this issue hadn't identified the misleading information he had been given. Santander issued a cheque for £500 because of the issues Mr O had experienced.

So, while I can see why Mr O was upset by the information he received following the February 2021 letter and by the lack of investigation to the concerns he raised about this, I find that Santander did then take reasonable action to address Mr O's question and apologise for the service the he received. I think the £500 compensation was reasonable given the frustration, upset and distress Mr O had been caused.

Mr O doesn't think it was fair that the cash withdrawal facility on his credit card was blocked. He says that there was no substantive reason to do this. I appreciate that Mr O had started to address his persistent debt but the terms and conditions allowed for this action to be taken and given the status of his account at that time I do not find I can say Santander acted unreasonably or unfairly by taking the action it did. Santander explained to Mr O that this facility could be reinstated once the persistent debt balance had been repaid in full.

Overall, while I accept that Mr O wasn't provided with service he should have, and I understand the upset he was caused by feeling pressured into setting up a direct debit when he was making payments through other routes, I think the apologies and compensation provided in case are reasonable. Therefore, I do not require Santander to take any further action regarding the issues raised. I note Mr O's comments about his ongoing use of his

credit card and he should contact Santander about this if he is still concerned.

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 O to accept or reject my decision before 7 April 2022.

Jane Archer
Ombudsman