

The complaint

Mr C complains that Santander UK Plc (Santander) hasn't supported him since 2018/2019 with the debt he has on his credit card.

What happened

Mr C says that he has not been able to make monthly payments on his credit card debt to reduce what he owes since 2018. He says that under the FCA persistent debt rules, after 18 months of not being able to reduce his debt Santander is required to show him forbearance. And so, it should not have charged him interest, fees, or charges on his debt since the end of the 18-month period, allowing him to pay off the capital.

Santander says that it has followed the FCA persistent debt rules and offered Mr C options to reduce his debt since he triggered the 18-month process. It says that Mr C paid off half his debt in 2019, and therefore is no longer in a persistent debt process as defined under the rules. Santander says Mr C continues to use his card, so it is applying interest, fees, and charges in the usual way.

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.

Both parties agree that Mr C triggered the persistent debt process in 2018 after he had spent more on interest, fees, and charges in 18 months than he had on repaying what he owed. And Santander sent Mr C a letter outlining his options which included increasing his payments or paying a lump sum.

Both parties also agree that Mr C took no action at that time, so this triggered a 27-month letter in 2019 from Santander, once again outlining his options. At this point Mr C paid more than half the debt he owed.

Mr C says that Santander should, at either the 18-month point or the 27-month point, have given him forbearance and reduced the interest rate, fees, and charges on his debt to enable him to pay off the capital.

Santander says it followed the FCA persistent debt rules and offered him additional options to reduce his debt, but that Mr C rejected these as they would have affected his credit record. Santander says that once Mr C paid the lump sum in 2019, he was no longer in the persistent debt process as the FCA defines it, and it was not obliged to reduce his interest payments or other charges.

I've looked at the letters Santander sent to Mr C in 2018 and 2019 and considered the options it gave him. In my view Santander followed what it was required to do under the FCA persistent debt rules.

Once Mr C paid the lump sum in 2019 it is also my view that he was no longer covered by

the persistent debt rules and so Santander was not required to take any further action at that time.

I note that Mr C has said he has had no regular income over this period, and he was only able to pay the lump sum as he had come into some money. And I understand that he doesn't want to take up any of Santander's offered options to reduce his debt as they would affect his credit record. But he is still making repayments each month, and he is still using the credit card to make purchases.

So, I can't see any reason why Santander has to offer to reduce the interest rates or fees and charges on Mr C's credit card. I understand that Mr C says he secured better arrangements on debts with other financial institutions, but it would be a commercial decision and not an obligation under the persistent debt rules, for Santander to decide whether it did or didn't match that.

So, although I know that Mr C will be disappointed, I don't think Santander did anything wrong in this matter.

My final decision

My final decision is that I do not uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 10 April 2023.


Richard Hill
Ombudsman