

The complaint

Mrs E complains Santander UK Plc haven't applied a payment of £205.54 she says she made towards her personal loan.

What happened

Between 17 June and 27 July 2022 Mrs E's account was blocked for certain payments, including direct debits coming out of her account in error by Santander. Our service has dealt with that in a previous decision. But, because of that, Mrs E's June 2022 payment towards her loan didn't come out.

Mrs E says in July / August 2022 she went into branch five times asking the branch staff to take the payment in cash – and she says they did. But, in August / September 2022, she got a call from Santander again asking for the £205.54 to be paid. She says she paid it on the phone, in the presence of two witnesses. But, since then, she says she's been harassed for the payment again – despite having already paid it several times.

On 24 January 2023 Santander said they could see Mrs E's account had been blocked in error, but this had been resolved now. They said they could see Mrs E's normal loan payments were now successfully coming out each month. They couldn't see Mrs E had paid the amount in branch as she said, and the evidence she'd provided didn't show any payments made towards the loan arrears. They said they'd be in a position to reconsider the arrears once they were repaid. The account was subsequently defaulted in June 2023.

Unhappy with this, Mrs E asked us to look into things. One of our Investigators did so, and said he found no evidence Mrs E had repaid the amount in branch or over the phone. He felt the default should have been applied earlier – and recommended 4 October 2023 as a fair date.

Santander agreed with this, Mrs E didn't. Following lengthy additional discussions, Mrs E paid off the remaining debt. This involved her visiting one branch where she said they didn't help her, and a second branch who did help her where she repaid the arrears. Santander offered £50 for Mrs E's issues in the first branch but said they wouldn't remove the default now – though they'd backdate it as our Investigator recommended.

Our Investigator ultimately felt this was a fair outcome, but as Mrs E still didn't agree the complaint's 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.

I think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Mrs E's complaint in considerably less detail than she has. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the

crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

As a starting point I've considered whether there is evidence Mrs E paid off the arrears when she said she did – as if she did, then the rest of her case including the default would clearly be incorrect.

But, I've found no evidence Mrs E did pay off the arrears. I understand Mrs E says she went into branch and the money was paid, in cash, in branch. But no evidence has been provided of this transaction – no receipt from Mrs E for the cash payment, nor any evidence on her loan statements.

Mrs E has also said the payment was made over the phone. But, again, no evidence of this has been provided. If a payment was made over the phone, I'd expect Mrs E to be able to show the debit coming from an account – because, when paying over the phone, she'd have to have done a transfer from her existing Santander current account or made a debit card payment from another bank. Either way, that'd leave an audit trail.

I can see our Investigator repeatedly asked Mrs E for this kind of evidence, but in response she's not provided that. Instead, Mrs E talks about two witnesses helping her make the payment and she's provided their statements. In one of these statements, the witness says Santander confirmed the payment had been successfully processed. But I'd still need to see the evidence of where the payment came out, so then we could track what happened to it.

On 5 September 2022 there was a call between Santander and Mrs E, and in the notes of that call Santander have written that Mrs E missed the payment – and she was advised to go into branch to pay it. If she'd already paid it, as she said she had at this point, I'd have expected her to have mentioned that. But that isn't recorded in the notes.

Another call on 24 January 2023 where Santander have written in their notes about the arrears and said Mrs E told them the arrears would be cleared as soon as the 'legal dispute' is over. It's unclear what Mrs E meant by the legal dispute, but again, I'd expect her to have mentioned if she'd already paid the arrears.

Mrs E might say I've not listened to the calls, so Santander may have not recorded her saying she did repay the arrears. And that'd be a fair challenge – as I've not heard the calls and they could have left out this information. But generally, I'd expect these notes to be accurate – and they seem to be when compared to all the evidence I have. These notes say the arrears hadn't been paid – and all the evidence I have as at these points show this to be correct.

From what I can see Mrs E genuinely believes she's paid the money. But I'm afraid there is simply no evidence she did so. In the circumstances, I'm satisfied the arrears of £205.54 was owing from 4 July 2022. This is the date Mrs E's June 2022 direct debit was returned.

And it's for this reason our Investigator said the default should apply from 4 October 2022 – rather than June 2023. That's because the Information Commissioner's Office says a default should be recorded no sooner than when someone is three months in arrears, and no more than six months.

Mrs E went into arrears from 4 July 2022, so the earliest Santander should have defaulted her would be 4 October 2022 – which seems reasonable in the circumstances. I'm also

satisfied it's appropriate for this account to have been defaulted – and I say that because I can see Mrs E was given all of the notices I'd expect to tell her about the arrears.

Mrs E has also said that Santander should have just taken the money out of her account if she was in arrears, and questions why they didn't. I've looked at Mrs E's current account at the time – and it shows it was £38.08 in credit when the direct debit was returned on 4 July 2022. So, as the loan repayment arrears were £205.54 this would have taken Mrs E overdrawn. I don't think this would have been fair. Instead, I'd expect them to have told her about the arrears and what she needed to do – and that's what they did.

I've noted she's now paid off those arrears, so I'd expect the default to show as 'settled' on her account. Santander were originally prepared to consider removing the default, given they made the original error leading to this situation, but this was on the condition of the arrears being repaid. I don't think they anticipated Mrs E wouldn't repay the arrears until 18 months later. In the circumstances, I think Santander's decision to not remove the default is fair.

Finally, in order to repay the arrears in January 2024 Mrs E has told us she visited one branch and had issues, and then visited a second branch where they managed to resolve matters for her and she was able to repay the default. In recognition of this, Santander have offered Mrs E £50 – while also saying they hadn't been able to locate her in the first branch.

In the circumstances, I'm satisfied £50 is fair for this. I think it's likely Mrs E did go into the first branch to try and get the issues sorted – and when they couldn't help she then visited a second branch who did manage to help her repay the default.

My final decision

I partially uphold this complaint, and require Santander UK Plc to:

- Backdate Mrs E's default to 4 October 2022
- Pay Mrs E £50 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 18 April 2024.

Jon Pearce
Ombudsman