

The complaint

Mr T has complained that Santander UK Plc paid the redress from his payment protection insurance (PPI) complaint to the Official Receiver (OR) instead of directly to him.

What happened

Mr T took out PPI with a loan in 2002. In 2020, Santander accepted his complaint that the PPI had been mis-sold and offered redress of £3,266.88. This amount was paid to the OR as Mr T had previously been bankrupt.

Mr T says he was discharged from bankruptcy in 2014 and no longer has any outstanding creditors. Therefore, the redress should have been paid to him directly.

Our investigator thought that Santander had acted fairly and reasonably. Mr T disagrees and so the complaint has been passed to me for a decision.

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.

Mr T says the OR will not give him information about any remaining creditors or about where the money from the PPI redress has gone.

This service does not have jurisdiction to look at complaints against the OR, so I am unable to consider those issues. To be clear, this decision is only looking at whether Santander has done anything wrong.

Upon agreeing that redress should be paid, Santander checks its system for any arrears or bankruptcy orders. Because it found that Mr T had been made bankrupt in 2013, it contacted the OR to ask if they held an interest in the PPI funds due. The OR confirmed that they did.

This was because the policy was taken out prior to Mr T's bankruptcy in 2013. As such, it is an asset of the bankruptcy. Had the PPI been taken out after the bankruptcy had been discharged in August 2014, then the OR would have been unable to claim the funds and Santander would have been able to make the payment directly to Mr T.

Mr T is also concerned that someone else signed his signature to authorise the payment. However, Santander did not need his signature. An officer of the OR signed the acceptance form to agree the redress payment in full and final settlement of the PPI mis-sale complaint. Santander would have known that Mr T was discharged from bankruptcy in 2014. And Mr T says he told it that he no longer owed anyone. However, Santander had a duty to check whether that was really the case or not. So, it did the right thing by contacting the OR to find out if they still had an interest in the funds. As the OR confirmed that they did, it was correct that payment should be made to them and that Santander asked the OR to sign the acceptance form.

I can understand why Mr T felt he had put his bankruptcy behind him because it was something that happened ten years ago. So, I appreciate how disappointing it must be that he is not personally able to receive the PPI redress. But, based on the available evidence, I am unable to conclude that Santander has done anything wrong. It follows that I do not uphold the complaint.

Santander was entitled to rely on the information it received from the OR. However, if Mr T believes that the OR was incorrect in stating that they still had an interest in the funds, he would need to make a complaint directly to the OR about that. Our investigator has provided him with details of how he can do that.

My final decision

For the reasons set out above, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 20 August 2024.

Carole Clark

Ombudsman