

## **The complaint**

Mr C complains that Shawbrook Bank Limited put pressure on him to cash in his pension to settle his loan account.

## **What happened**

Mr C took out a loan with Shawbrook on 10 April 2019 for £10,000. The contractual monthly instalment was £215.75 for a term of 60 months.

In March 2020 the account fell into arrears. Mr C contacted Shawbrook and made a proposal to pay £0.10 in full and final settlement of the account. Shawbrook rejected this proposal. During a call on 1 September 2020 Mr C advised Shawbrook that he had used all his pension funds to pay off his other creditors and that he had no funds left. During the same call, Mr C advised Shawbrook that he wished to use a government support grant to pay a full and final settlement proposal of £800.00.

Shawbrook requested evidence of the grant and reviewed the settlement offer. On 9 November 2020 Shawbrook accepted the settlement offer of £800.00 and wrote off the remaining balance of £8,596.93.

In 2024 Mr C complained to Shawbrook. He said he hadn't been treated fairly during the full and final settlement process in 2020 and said Shawbrook had put him under pressure to cash in his pension to pay his creditors.

In its final response, Shawbrook acknowledged that there had been some issues with Mr C passing the security questions when he called which had prevented him from raising his complaint. It upheld this aspect of Mr C's complaint and offered £30 compensation. In relation to the full and final settlement, Shawbrook said it wasn't upholding the complaint. It said it hadn't used Mr C's pension fund monies as the source of funds to settle the loan and hadn't put him under pressure to use his pension fund monies to settle with his other creditors.

Mr C remained unhappy and brought his complaint to this service. He says Shawbrook has invented the story about a government grant and took funds from his pension to settle the account.

Our investigator didn't uphold the complaint. He said he'd listened to the relevant calls between Mr C and Shawbrook and that he was satisfied that Shawbrook hadn't asked Mr C to cash in his pension to pay them. The investigator said he understood why Mr C felt an internal pressure to resolve the matter but said he hadn't found any evidence to suggest that Shawbrook applied pressure on him to make a full and final settlement offer or treated him unfairly in some other way.

Mr C didn't agree. He said he had no recollection of the phone calls because he was ill at the time. He also said that because he'd informed Shawbrook that he had no money left, they shouldn't have accepted a payment from him because this wasn't treating him fairly under principle 6 of the Financial Conduct Authority rules.

## 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've listened to the calls between Mr C and Shawbrook in order to determine whether Shawbrook put pressure on Mr C to use his pension fund to settle the loan.

In the call dated 1 September 2020, Mr C stated as follows:

*"Where I am with it is, I utilised all my pension, the whole lot, to settle with my creditors. I don't want any more debts.....all the money that I had is settled with my creditors. The problem that you two have got, the two left, is that there has been a lot of dilly dallying around...everyone else has agreed and I've paid them. But the resources are dwindling. So if someone asked how much money I've got, I'll say I've got £77 in my bank account, that's what's left. And that's where I am."*

The Shawbrook agent asks Mr C whether he is now unable to make an offer. Mr C stated as follows:

*"No, no, that offer still stands, because I have to arrange that offer to you legally. I can, because I've got an overdraft. And I've just received a second furlough payment because I'm self-employed. Not very much money, but its enough to pay you.... I could find the funds to pay you....if someone asked me about a pension pot three months ago....but all that money is now gone."*

The Shawbrook agent advises Mr C that because he'll be making payment from his furlough payment, he'll need to clarify whether Shawbrook needed proof of that. The agent puts Mr C on hold and then returns to the call and says that Mr C will need to provide proof of the furlough payment to allow Shawbrook to make a decision on whether to accept the full and final offer.

In the call dated 28 September 2020, Mr C stated as follows:

*"When they asked me how I was going to pay for it, I said one of the furlough payments, because I am self-employed."*

In a second call dated 28 September 2020, Mr C told the Shawbrook agent that he'd cashed in his pension fund to settle with his creditors. The call handler advised Mr C that he should speak with debt advice charities before accepting any offer. The call handler then references the furlough payment, Mr C stated:

*"I told you I was getting a payment. I sent an email from the HMRC to confirm that was being paid. Then I was asked to tell you how much it was. But I didn't have an email from HMRC that had the figure on it, because they did it through the gateway portal, because its private. So in that period of two weeks, there's less money than there was, since I received it."*

The Shawbrook agent then asks Mr C about affordability and how he paid his everyday bills. The agent asked Mr C whether the furlough payment was going towards everyday expenses and Mr C said it was. Mr C went on to say that there wasn't much money left and that he was relying on his payment from the government to settle with his last two creditors.

I've listened very carefully to these calls. Having done so, I can't agree with Mr C when he says that Shawbrook asked him to cash in his pension to settle the loan. Mr C specifically said on the call that the pension money had already gone because he'd used it to pay other

creditors. Mr C was very clear on the calls that the money he proposed to use to settle the Shawbrook loan was coming from a government furlough payment. In conclusion, I'm not persuaded that Shawbrook asked Mr C to cash in his pension, nor am I persuaded that Shawbrook asked Mr C to use his pension funds to settle the debt.

Mr C has said that Shawbrook put him under pressure to settle the debt. He's said that he only called Shawbrook to make an offer to settle the debt because of the letters he was receiving from them which he says made him feel under pressure to settle. Mr C has referred to principle 6 of the FCA rules and says he wasn't treated fairly.

I've thought about what Mr C has said. I do understand that Mr C felt that he should settle all his debts, but I haven't seen any evidence to suggest that Shawbrook pressurised him to do this. I don't think that sending letters regarding arrears amounts to pressure, because all lenders are under an obligation to send regulatory letters to advise customers about their arrears balance and account position. I've looked at how Shawbrook responded to Mr C when he put forward his settlement offer. I'm satisfied that Shawbrook considered the source of funds, whether the offer was affordable for Mr C and signposted him to seek debt advice. I didn't hear anything in the calls I listened to which gave me cause for concern that Mr C wasn't willing to settle the loan on the terms he had proposed. I'm satisfied that Shawbrook took account of Mr C's circumstances and treated Mr C fairly throughout the settlement process.

For the reasons I've explained, I'm unable to uphold the complaint.

### **My final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 28 October 2024.

Emma Davy  
**Ombudsman**