

The complaint

Mrs G complains that Shawbrook Bank Limited was unhelpful in its handling of her offer to settle her loan account and was intrusive in its requests for information.

What happened

In 2023 Mrs G lost her job and faced financial difficulties. She spoke with Shawbrook in October 2023 and enquired about making a full and final settlement which would be funded by her brother. The bank said it needed three month's bank statements and the question of a payment plan was discussed but that was deferred until the review of her offer was concluded.

She spoke with the bank again the following month and said her father would be lending her money to fund the full and final offer of £4,000. The bank asked for bank statements from her father. Mrs G has explained that her father is elderly and ill and doesn't have online banking which made that request more challenging.

In late November Mrs G provided the three month's statements, but not those for her father. She let the bank know she had another secondary account which I gather holds little funds. On 21 December Mrs G sent the secondary bank statements and one month's of her fathers.

The bank's team dealing with full and final offers asked for more information including additional statements from her father. Mrs G provided this and the team reviewed the offer again in February. It decided it needed more information.

Having obtained the additional information the bank carried out another review and decided it was not prepared to accept a full and final offer. It noted she was seeking to obtain a similar position to one she held before and presumably it thought in due course she may be in a position to repay the loan.

It then asked for more information and in April 2024 it decided its position was unchanged. However, as her situation had improved it set up a payment plan for £5 per month.

Mrs G complained to Shawbrook and it set out the events as it saw them. It said that she had not provided all the information it had requested and one set of statements hadn't reached the team due to a data security issue. It accepted that there had been delays in the process and offered her compensation of £75.

Mrs G brought a complaint to this service where it was considered by one of our investigators who recommend it be upheld and suggested Shawbrook pay Mrs G £150. Neither party has accepted this and so the matter has been referred to me.

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.

Mrs G has raised another complaint about Shawbrook and for the avoidance of doubt I am only considering the handling of her request that it accept a full and final settlement. More recently she has also said that a call handler had been less than sympathetic and had been unprofessional in helping her agree a payment plan. This is not a matter this service can consider until a complaint has been made to Shawbrook about it.

As our investigator has explained Shawbrook is not obliged to accept a full and final settlement offer. That is a commercial decision and not one this service would seek to overturn. Indeed, I note that in the call which opened the complaint Mrs G when speaking to a member of the Shawbrook team said she just wanted a decision even if it was a rejection. She said she felt the whole process was like wading through treacle.

It is clear that Mrs G found the whole extended process unhelpful and stressful. I can understand that. It took many months for the bank to reach a decision and it made quite a few requests for information. I accept that it needs to be satisfied that it has all the relevant information to allow it to reach a fair decision. I can also see that some of the information in the bank statements gave rise to further questions and so the process was further extended.

Having reviewed the queries it had I cannot say that they were spurious or unnecessary. For example, the bank identified a lump sum payment from an individual and needed to understand what the source was and the reason for the payment.

Also, once it was aware there was a second account it needed to see statements for that. I can appreciate that caused Mrs G some frustration since she knew it held little money and would not make a difference to the bank's decision. But the bank wasn't aware of that until it saw the statements.

I can also understand her irritation at having to trouble her elderly father for information, but the bank was obliged to satisfy itself there was no issue of money laundering.

The end result was the process was slow and as the bank has agreed it could have been handled better. And while it didn't set out its reasoning for not accepting her offer in writing I believe it has done so verbally and I don't believe Mrs G was disadvantaged by that.

Our investigator has also considered the impact on Mrs G's credit file. He has explained that any delays attributable to the bank were unlikely to have had an effect on her credit file. It is regrettable, but Mrs G has experienced significant financial challenges and this has had an impact on her credit file. I appreciate Mrs G wishes to avoid a default in her credit file, but the bank has to operate within the rules.

This means that where a customer falls into financial difficulty the bank is required to offer forbearance if appropriate. This can include, provision of a payment holiday, accepting lower repayments for temporary period to allow recovery of normal use of the account under an arrangement to pay or temporarily waiving interest and charges. If the account is not going to recover via these means when the account falls to between three and six months of arrears a default should be applied to limit the amount a customer has to pay back. The default remains on a customer's credit file for six years before the account then stops reporting.

I gather the information we have been given indicates that a default notice should have been issued in November 2023. I agree with our investigator that if Shawbrook hasn't done so it should ensure it has applied the default to the correct date.

Putting things right

Mrs G has been through a stressful time and she has my sympathies. However, I can only

require the bank to compensate her for its part in the situation. As such I consider a sum of £150 is fair and reasonable. It should also ensure the default is correctly dated. I appreciate Mrs G wants me to ensure the account is not defaulted, but that is not something I can do.

My final decision

My final decision is that I uphold this complaint and I direct Shawbrook Bank Limited to put things right as set out above.

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

Ivor Graham
Ombudsman