

The complaint

Mr M, a sole trader, is unhappy that Santander UK Plc defaulted his Bounce Back Loan (“BBL”) for non-payment.

What happened

Mr M had a BBL that was in arrears, and which Santander were close to defaulting because of those arrears. On 30 April 2024, Mr M called Santander to discuss repaying his BBL arrears over time, alongside his ongoing monthly payments.

During the call, Santander’s agent conducted an income and expenditure assessment with Mr M, and Mr M explained that his business income was scheduled to improve, and that the next three months would be difficult for him but after that things should be better, and he should be able to clear the arrears within a timeframe acceptable to Santander.

Because of Mr M’s financial position, Santander’s agent agreed to three-month payment plan with low monthly payments, to help Mr M negotiate the three months he believed would be difficult for him, on the understanding that Mr M would call back at the end of that payment plan and make a second arrangement, being in a better financial position, to clear the outstanding arrears.

Mr M agreed to this course of action and the three-month payment plan was set up. However, after the final payment of the plan was taken on 6 July, Santander didn’t hear back from Mr M as had been agreed. This led Santander to send a default notice to Mr M on 25 July, and when no response to this notice was received, Santander defaulted the BBL on 29 August.

Mr M contacted Santander in September and explained that he had been in hospital following knee surgery and hadn’t received the letters they’d sent. Mr M wasn’t happy that his loan had been defaulted, so he raised a complaint. Santander responded to Mr M but didn’t feel that they’d done anything wrong. Mr M wasn’t satisfied with Santander’s response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn’t feel Santander had acted unfairly as Mr M contended and so didn’t uphold the complaint. Mr M remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

Having done so, I won’t be upholding this complaint or instructing Santander to take any form of action here, because I feel that his BBL was defaulted fairly by Santander.

I appreciate that Mr M was in hospital when the payment plan ended, but there doesn’t seem to be any reason why Mr M couldn’t have contacted Santander from hospital, or why he

couldn't have contacted them before he was admitted. Mr M was supposed to call Santander in early July 2024, but Santander didn't then default the BBL until late August, and I find it difficult to accept that Mr M was physically and tangibly prevented from making a phone call to Santander throughout that period.

Furthermore, while Mr M has said that the fact that he was in hospital meant that he didn't receive the letters that Santander sent reminding him that the payment plan had come to an end, I feel that Mr M should reasonably have been aware that he needed to call Santander in July on the basis of what he was told by Santander's agent on the 30 April call.

I've listened to that call, and I can confirm that on 30 April, Santander's agent explained to Mr M that:

"After the third payment is made in July... is when you must call back on this number and put in an arrangement for the monthly instalment and the remaining balance on the arrears..."

...

Be aware, this account is so close to default, if this breaks, if it's not kept or for whatever reason payments aren't made and we don't hear back from you, it will default... It's very important that you keep in contact with us, and make sure that you do call back after that third payment. Maybe put that as a reminder in your phone [Mr M: Yeah, I will do]... Monday the 8th (of July) is the latest you can call us.

...

The important thing here is to make sure that the arrangement is going to be made. That's the most important part is that second part of the arrangement, we get it in place... it stops that process of moving towards a default."

Having listened to that call, I'm satisfied that Santander's agent was very clear that Mr M's BBL was very close to being defaulted and that she stressed the importance of Mr M calling Santander in July, when the three-month plan ended – and explained that the account could default if he did not.

Ultimately, Mr M didn't do this, and I feel that the onus was firmly on Mr M to have overcome any difficulties he may have faced here and to have made sure that he contacted Santander at some point during the several weeks from when he first should have contacted Santander in early July and when Santander defaulted the BBL in late August.

If Mr M forgot that he needed to contact Santander, and if he didn't receive the letters Santander sent to him reminding him of the need to make a new arrangement and that his BBL was in danger of being defaulted, then this is unfortunate for Mr M, but I don't feel that Santander defaulting the account in the absence of contact from Mr M constitutes an unfair act by Santander, given the arrears position of Mr M's loan.

I realise this won't be the outcome that Mr M was wanting, but I hope that he understands, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or

reject my decision before 6 November 2025.

Paul Cooper
Ombudsman