

The complaint

Miss R is unhappy that Santander UK Plc didn't update her address and sent account arrears' notices to an incorrect address as a result.

What happened

In July 2024, Miss R spoke with Santander because the last three contractually required monthly payments to her credit card hadn't been made which meant that her account was in arrears. Santander assessed Miss R's financial position and agreed to a 15-month arrears repayment plan whereby interest and charges would be frozen on Miss R's account and she would pay £76.52 per month – which Miss R was required to pay by standing order.

Also on that call, Miss R updated her address with Santander. However, the change of address wasn't processed by Santander which meant that when they didn't receive the £76.52 payments Miss R had promised to make (because she hadn't set up the standing order) the arrears notifications were sent to an incorrect address.

In January 2025, Miss R was contacted by a third-party debt recovery agency ("DRA") which explained that Miss R's account had been defaulted for non-payment. Miss R wasn't happy about this, especially as she explained to Santander in July 2024 that she suffered with medical conditions that impacted her memory and her ability to manage her financial affairs. So, she raised a complaint.

Santander responded to Miss R, apologised for not updating her address when they should have, and paid £200 compensation to her for any trouble or upset that may have caused. However, Santander didn't feel that they'd done anything wrong by defaulting Miss R's account for non-payment and transferring the defaulted account debt to a DRA. Miss R wasn't satisfied with Santander's response, so she referred her complaint to this service.

One of our investigators looked at this complaint. But they felt that the response Santander has issued to the complaint already represented a fair resolution to it. Miss R didn't agree, 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.

I issued a provisional decision on this complaint on 25 November 2025 as follows:

My provisional decision is that I uphold this complaint in Miss R's favour and provisionally instruct Santander to rescind the default and remove all interest and charges applied to the account since the 15-month payment arrangement was agreed in July 2024, so that the account is returned to this position that it was at that time. Miss R should then contact Santander and appraise them of her current financial position so that Santander can consider whether forbearance options – such as another 15-month plan – would be appropriate. Finally, my provisional instructions include that Santander should pay a further

£300 compensation to Miss R for the trouble and upset that she's incurred.

In arriving at this provisional decision, I've listened to the long call that took place between Miss R and Santander in July 2024. On that call, Miss R detailed the medical conditions that she suffers with and explained how they affected her capacity to manage her financial affairs. For instance, at one point Miss R explained that having developed these conditions, and having been unable to continue with her old job as a result, she'd tried working from home but had ended up 'spending hundreds of pounds on websites that I can't run because I can't remember what I've done'.

It seems clear to me having listened to that call that Miss R has vulnerabilities resultant from her medical conditions that Santander should reasonably have taken account of. For instance, the payment plan that Santander agreed with Miss R required her to set up a standing order. It's unclear why Santander couldn't have made an exception for Miss R, given what she'd explained to them, so that she could have had a direct debit set up for her. But if Santander did require Miss R to set up a standing order, I would reasonably have expected them to have ensured that Miss R set up that standing order while they were on the call with her.

While Santander's agent did provide generally good service to Miss R on the call, such as being empathetic and thorough in what they explained to Miss R, they unfortunately made some important mistakes. One of these was not ensuring that Miss R, who had explained that she loses track of important things, had the standing order set up before the call ended. Another was not updating Miss R's address correctly, so that none of the letters that Santander sent after that time went to the correct address.

Importantly, if Santander's agent had made sure that Miss R set the standing order up before the call was ended, then I feel that Miss R would most likely have made the payments as agreed on the 15-month plan. I say this because Miss R has provided her current account statements for the period in question, and having reviewed those statements, while Miss R's financial position was clearly strained, she did have affordability on the 22nd of each month – when her account payment was due – to make the £76.52 payments.

I appreciate that Santander may argue that Miss R should have been monitoring those payments. But Miss R had contacted Santander and asked for help and had explained in detail how her medical conditions impacted her ability to manage her financial affairs.

Because of this, I feel that the onus was on Santander to make reasonable adjustments to enable Miss R, as much as possible, to adhere to the plan she'd agreed to. And, ultimately, by not allowing Miss R to pay by direct debit, by not ensuring that she'd set up a standing order while on the call, and by then sending all ongoing correspondence to an incorrect address, I don't feel that Santander have done that.

However, while Miss R may be pleased with my provisional decision as described, it comes with an important caveat. I strongly encourage Miss R to consider her current financial position. This is because, if the default is rescinded and her account restored as I've described, and if Miss R then can't make ongoing payments such that her account is defaulted again, then that will be detrimental to Miss R – because the 'new' default will have a later default date (likely 2026, rather than 2024) and will stay on her credit file longer than the existing default would.

In short, there may be little value for Miss R in accepting this provisional decision if her account will be in danger of defaulting again – although Miss R should seek to obtain professional financial advice if she is unsure on this matter.

By not taking the steps necessary to assist Miss R in setting up a recurring payment in line with the agreed plan, I feel that Santander have caused Miss R upset and inconvenience that she should fairly be compensated for. My provisional instruction is that Santander must pay £300 to Miss R in this regard, in addition to the £200 that they paid previously for not correctly updating her address.

In arriving at this compensation amount I've considered the impact of what happened here on Miss R alongside the general framework this service uses when assessing compensation amounts, details of which are available on this service's website. Having done so, I presently feel that £300 is a fair further compensation amount.

Miss R hasn't raised any objections to my provisional decision. Santander have said that they consent to the compensation payment and the removal of all interest and charges that I described. But Santander have said that they don't have the ability to rescind the default as I provisionally instructed.

However, my position on this complaint remains unchanged. And so, while I appreciate that complying with my instruction to rescind the default and restore Miss R's account may present operational challenges for Santander, it is ultimately for Santander to find a way to overcome those challenges – should Miss R formally accept this final decision such that my instructions here become legally binding on Santander.

Putting things right

Santander must rescind the default and remove all interest and charges applied to the account since the 15-month payment arrangement was agreed in July 2024, so that the account is returned to the position it was in at that time.

Santander must then try to contact Miss R and obtain an understanding of her current financial position so that Santander can consider whether forbearance options – such as another 15-month plan – would be appropriate.

Santander must also pay a further £300 compensation to Miss R, in addition to the £200 already paid, for the trouble and upset that she's incurred.

My final decision

My final decision is that I uphold this complaint against Santander UK Plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 2 February 2026.

Paul Cooper
Ombudsman