

## **complaint**

Mr A complains that Santander UK Plc didn't actively pursue him for a debt for three years. He says this meant he didn't have an opportunity to repay it under his debt management plan (DMP).

## **background**

Mr A took out a loan in 2009 for £8,000 with Santander. The account fell into arrears and it was passed to the collections department in November 2009. The loan was defaulted in August 2010.

Mr A entered into a DMP in 2011, at which point the debt for this loan was being pursued by a third party working on behalf of Santander. Santander has confirmed it still owned the debt at this point. In November 2011, this debt was removed from his DMP. This was because the third party told Mr A's DMP administrators that the balance was zero.

In 2014, Santander sold the debt on and Mr A was then pursued for it. He complained as he wasn't made aware there was an amount outstanding for three years and he could've repaid it during this time.

Our investigator upheld the complaint. She explained that Santander had placed the account in a holding state for three years and didn't contact Mr A in this time. It was also responsible for the debt when it was removed from his DMP. So he hadn't been able to pay this off as part of his DMP. She didn't feel this was reasonable so she recommended it pay Mr A £500 for the trouble and upset this has caused him.

Neither Mr A nor Santander agreed. Santander felt the compensation was too high as it felt it hadn't acted unreasonably. Mr A felt he should be given compensation which equals the amount he would've been able to pay off over the life of his DMP. So the complaint has been passed to me for a decision.

## **my findings**

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'm upholding this complaint for the same reasons as our investigator.

Santander says that, after the third party passed the account back to it to manage, it was reasonable for that third party to have the balance removed from Mr A's DMP. But what this led to is Mr A not being aware that this debt was outstanding or being pursued and he had three years where he could've made repayments to reduce the balance. I don't think this is reasonable. Although I do think Mr A could've done more to have found out about the debt as it was removed from his DMP when he still would've had a significant balance outstanding.

However, Santander didn't chase Mr A for this debt for a three year period and then afterwards – when Mr A had cleared his debt and had obtained a mortgage – it sold the debt and Mr A was pursued by a different company. I can imagine this caused him significant upset as he'd ensured he was in a more positive position financially after his DMP and this means he's still got a large debt to manage. And Santander has acknowledged that three years was too long to keep the account in a "holding" state.

Santander said it sent out annual statements but it appears Mr A changed address during this time and so he may not have received them. But this debt wasn't being pursued for such a long time – and Mr A didn't have the opportunity to make repayments in accordance with his DMP as Santander recalled it from the third party and Mr A's DMP administrators were informed there was no balance outstanding. So I think £500 is a reasonable amount for Santander to pay Mr A for the trouble and upset this has caused him – particularly as he'd been active in getting himself in a more positive financial position over these years.

I understand Mr A would like more, and he'd like the amount that he would've repaid over this time to be given to him as compensation. But we don't know how much Mr A would've paid. And this debt does remain outstanding because Mr A hasn't repaid it. I don't think it would be fair to ask Santander to pay him three years' worth of repayments because these repayments would've been used for something else whilst he wasn't repaying this debt. So I think it's likely Mr A has benefitted in other ways from this money over this time. Mr A will now have to liaise with the new owners of the debt to work out repayment.

### **my final decision**

My final decision is that I uphold this complaint. Santander UK Plc must pay Mr A £500 compensation for the trouble and upset it caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 10 November 2017.

Charlotte Wilson  
**ombudsman**