

## **complaint**

Mrs F complains that Santander UK Plc hasn't properly dealt with her request for restructuring her loan or with her concerns that it was applying excessive charges to her current account.

## **background**

Santander provided Mrs F with a loan and an overdraft. In 2011, Mrs F asked Santander for assistance with her financial situation. She asked the bank if it would restructure her loan over a longer term, to repay loan arrears. In further correspondence, Mrs F said she believed the bank was applying excessive charges to her current account for both authorised and unauthorised borrowing. She also complained about the difficulty she had corresponding with Santander at several different locations.

In response, in June 2011 Santander explained it had several offices across the UK dealing with collection activity. It said it was willing to consider a number of options to assist Mrs F, and suggested she contact it to discuss her financial position. The bank didn't consider it had acted wrongly in applying charges to Mrs F's current account, but arranged to refund £40 in fees. That reduced the balance to £112.46 overdrawn. Santander asked Mrs F to bring her overdraft back within the agreed £100 limit.

Mrs F wasn't happy with the bank's response. She proposed repaying the loan with a modest term extension to repay the loan arrears. Mrs F maintained she didn't think the bank's charges fair, even if they were charged in line with the account conditions. She wanted Santander to make a further refund, so she could avoid unauthorised borrowing fees on the £12.46 that the account balance remained over the agreed limit.

Santander didn't respond to Mrs F in writing for several months, though it attempted to call her a number of times regarding the lack of any further payments towards the loan. In November 2011, Santander issued a default notice and started recovery action.

## *our initial conclusions*

Our adjudicator told Santander he thought it could have done more to assist Mrs F with her financial difficulty. The bank said that, subject to Mrs F providing details of her income and expenditure, it would remove the default from Mrs F's credit file. It would also reinstate the loan over an extended term, though with interest on the arrears that accrued prior to June 2011. The adjudicator noted that Santander had also offered to refund a further £345 in current account charges. He considered the bank's overall proposal fair.

Mrs F didn't agree. She responded – with the assistance of Mr R – rejecting the bank's offer and saying, in summary:

- she first asked the bank for assistance in March 2011. Any interest accrued from that point was entirely Santander's fault, and it should bear that cost;
- she wouldn't settle the matter at all until Santander removed the adverse payment information it had recorded on her credit file in relation to the whole matter; and
- The bank's offer of compensation – in the form of a refund of charges – was woefully insufficient. She said the whole current account balance should be refunded, with further compensation for her aggravation and trauma

### *my provisional findings*

I issued my provisional decision on 17 May 2013. In it, I set out why I was minded to reach a different overall conclusion from the adjudicator, and how I thought the complaint should be resolved given Mrs F's rejection of the bank's offer. I invited both parties to let me have any further information or evidence, if they wished, before I finally determined the complaint. My provisional findings were – again, in summary:

- Santander took too long to provide Mrs F with a meaningful response to her request for assistance. It should reduce her balance by £250 for the inconvenience she experienced over this. But I couldn't fairly order the bank to refund charges it had applied correctly just because Mrs F felt they were unfair and disproportionate to the account balance;
- when the bank did eventually respond, it took reasonable steps to try to assist Mrs F with her finances. By that time, Mrs F's financial situation had improved, and she was able to make the contractual payments. But she didn't do so. Nor did she take any steps to avoid the account being defaulted. There was no reason for me to require the bank to amend Mrs F's credit file. It was an accurate reflection of her payment record;

Santander accepted my provisional decision. It said it would apply the £250 reduction to the element of Mrs F's debt that attracted the highest interest and/or charges. Mr R responded on Mrs F's behalf, saying she did not accept the outcome. As well as restating Mrs F's previous points, Mr R made further comments about the financial services industry in general and his own experiences with Santander.

### **my findings**

I have reconsidered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I've also read Mr R's reasons for Mrs F's rejection of the bank's offer, and of my provisional decision. Having done so, I see no reason to reach a different conclusion from that set out in my provisional decision. I don't doubt this will be disappointing for Mrs F. The proposed settlement is less than she previously rejected. But that doesn't oblige the bank – or me – to reinstate that offer, though there is nothing I have said that would prevent Santander from doing so if it so wishes.

### **my final decision**

My final decision is that Santander UK Plc should reduce Mrs F's debt by £250 in full and final settlement of her complaint.

Niall Taylor  
**ombudsman**