

complaint

Mrs E complains that Santander UK Plc has gone back on its communication to her that a debt owed by her deceased husband (Mr E) would be written off, and has passed the debt to a collection agency without warning her. She remains unhappy with the bank's response and wants to see a change in its procedures and the debt to be cleared.

background

When Mr E sadly died, Mrs E was informed when she went to her local branch that an unsecured loan he had taken out would be written off. She then received a statement with a zero balance for the account. The bank said that the statement was issued in error and that the branch was in error when it told Mrs E that the debt would be written off, meaning be cleared. Its own interpretation was that this term, in the case of collections, means moving the debt from one reporting system to another. The bank apologised for these mistakes and the distress caused and paid Mrs E £90 compensation. The bank maintained that it sent Mrs E notification that the debt would be collected by an agency, but she disputes this.

The adjudicator acknowledged the bank's errors regarding the debt being "written off". Her view was that the bank had most probably sent Mrs E a letter to notify her that the debt was being passed to a collection agency, but acknowledged the shock Mrs E felt when she received their letter. She recommended that the compensation should be increased to £150 to reflect the inconvenience caused to Mrs E, which the bank agreed to offer.

The adjudicator also explained that this service cannot rule on a bank's procedures and that this was the role of the regulator, the Financial Conduct Authority. She didn't consider we could require the bank to write off the debt.

Mrs E was very unhappy with this response and restated her position asking that the bank not attempt to recover the debt.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I can sympathise with Mrs E's position. She presented herself at the bank ready to arrange repayment for her late husband's loan and was surprised and pleased to be told that the debt would be written off. She was not led to believe anything other than that the debt would be cleared and she subsequently received a statement with a zero balance which seemed to confirm this. The bank agrees that these were two errors. It has sent Mrs E a letter of apology with £90 compensation for the distress and convenience it caused her at a difficult time.

I agree with the adjudicator that the bank most probably did send Mrs E notification that the debt had been passed to a collection agency. So, while I have no reason to doubt Mrs E's word that she didn't receive the letter, I can't fairly say this was the bank's fault.

I appreciate Mrs E would like to see the bank's procedures changed. But as I am not a regulator this is not something I can require it to do.

The collection agency, when it made direct contact with Mrs E, offered to settle for a discount of 10% if the debt was repaid within 14 days. In the circumstances, I consider it fair and reasonable that the bank maintains this offer to discount the debt owed, in recognition of the distress this overall matter has caused.

my final decision

My decision is that I partly uphold this complaint. In full and final settlement of it, I order Santander UK Plc to:

1. Pay the agreed £60 to Mrs E, on behalf of the estate of the late Mr E, in compensation for distress and inconvenience caused.
2. Restate the offer already made by its collection agency to reduce by 10% the outstanding balance on the loan taken out by the late Mr E, and accept this reduced amount from Mrs E, on behalf of the estate, in settlement of the debt.

Phillip Berechree
ombudsman