

## **complaint**

Ms L complains about the way Santander UK Plc handled her business relationship with them. Ms L is assisted in this complaint by her sister, Ms C.

## **background**

Ms L was trading as a sole trader, L2. She was also in business with her mother running a partnership, LP. Ms L had accounts with Santander for L2 and LP.

### *L2's overdraft account*

In 2010, LP was in financial difficulties. Ms L tried to sell the partnership property but she wasn't able to find a buyer at an acceptable price.

In January 2013, the bank wrote to Ms C to set out the amount that Ms L owed them. This came to around £304,000 and included the overdraft account for L2. The bank gave Ms C notice that Ms L needed to pay the debt in full or lower the asking price of the partnership property to an amount agreed with it. The bank told Ms C that, if Ms L didn't do this, it'd appoint a receiver over the partnership property.

In September 2014, Ms L's mother raised £130,000. The bank used these funds to reduce the LP overdraft account, pay off the LP loan account and also pay off the L2 overdraft account.

Ms L complains that Santander shouldn't have used these monies to pay off the L2 overdraft account. She says that LP and L2 are unconnected businesses.

Santander says that when it emailed Ms C in January 2013, it made it clear that Ms L needed to pay off both of her overdraft accounts with them. And this included L2's overdraft.

Santander says it spoke to Ms L in September 2014 about the repayment of both LP and L2's accounts. Ms L disagrees with this – she says that any discussions related to LP's account only. Ms L also says that it was only LP's account that was passed over to the banks recoveries team in April 2010. But Santander says it passed the business relationship with Ms L over to recoveries which included both LP and L2's accounts.

Finally, Santander says it contacted Ms L's solicitor about what it'd do with the sale proceeds. And this included paying off L2's overdraft account. Santander has given us e-mails it sent to Ms L's solicitor which sets out the redemption figure. And this includes L2's overdraft account. But Ms L says this email only includes the account numbers, not the names, so it wasn't clear. And she says that the bank asked for all the money to be sent to an LP account at first and then distributed it from there, rather than having it sent to various account numbers, which was also unclear. Ms L also says the emails from Santander to her solicitor should've been copied to her.

### *LP's account*

For Santander to get an accurate redemption figure, it says it had to freeze LP's account. It did this in September 2014. However, Santander failed to reactivate LP's account. This meant that LP couldn't undertake any banking for just over 2 weeks. Ms L was forced to use

another account to make L2's regular payments, such as employee salaries. And this cost her around £120 in bank charges.

Finally, Ms L was incorrectly told that Santander intended to withdraw banking facilities for LP.

Santander accepts it'd made these two errors with LP's account and offered £395 to Ms L to compensate her for the inconvenience caused. Ms L wasn't happy with this response – she didn't feel it properly compensated her for the turmoil she'd suffered.

#### *our initial view*

Our adjudicator thought about this complaint. And she agreed that Santander had made the two errors described with LP's account. But she didn't think that Santander had done anything wrong by paying off L2's overdraft account.

So, taking everything into account, she thought that it'd be fair and reasonable for Santander to pay Ms L £600 in view of the poor service that it had given Ms L. Santander accepted our adjudicator's view and offered Ms L £600.

Ms L didn't agree - she felt that £1,000 would be acceptable.

#### **my findings**

I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where there's a dispute about what happened, I've based my decision on what I think's most likely to have happened in light of the evidence.

#### *L2's account*

I don't know what was said when Santander spoke to Ms L in September 2014. And I don't know what accounts were sent to the banks recoveries team. But I don't think that I need to decide these points. I say this because I think that the email to Ms C in January 2013 sets out what the bank expected from Ms L – it wanted Ms L to pay what she owed them. And the bank's email was clear that this included the overdraft account for L2.

Ms L had authorised Santander to liaise with her solicitor as her representative, so I don't think the bank should've copied Ms L into its correspondence with the solicitor. Even so, the correspondence with Ms L's solicitor was clear – the redemption figure included the overdraft account for L2. And I think the bank was clear when it set out the account numbers it'd be paying money to.

Taking everything into account, I don't think that the bank did anything wrong when it paid off L2's overdraft account.

#### *LP's account*

The key facts about this part of the complaint aren't in dispute. Santander has admitted it got things wrong. The only issue I have to decide is whether the amount of compensation it's offered is fair and reasonable.

I think it's right that Santander should compensate Ms L for the inconvenience caused by its mistakes regarding LP's account. However, our awards are designed to compensate consumers, not punish organisations. So, taking everything into account, I think the £600 Santander has agreed to pay is fair and reasonable compensation in this particular case.

**my final decision**

For the above reasons, I don't uphold Ms L's complaint about L2's overdraft account. But I do ask Santander UK Plc to pay Ms L £600, as it has offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 22 June 2015.

Rebecca Ellis  
**ombudsman**