

complaint

Mr D complains about the way Santander UK plc has handled his personal loan.

background

Mr D took out a personal loan with Santander in 2013. Not long after this, he told the bank that he was having financial difficulties. He didn't manage to make repayments to the loan, and so in July 2014 Santander put the account into default and passed it to a debt recovery agency.

Mr D said that Santander treated him poorly when he was in financial difficulty and gave him conflicting information. He raised a number of specific concerns. Mr D said he wanted an apology, a response on the specific aspects of his complaint, and he wanted Santander to accept the standard repayments on his loan.

Santander sent us a detailed response on each aspect of Mr D's complaint, and then responded to further questions. It accepted that it had made some mistakes in dealing with Mr D, but said that it was right to default the account.

Our adjudicator didn't uphold the complaint. She said it wasn't for the ombudsman service to decide how Santander collects debts. She did agree that some of the problems hadn't been handled well, and thought that Santander should pay Mr D £150, which would include the £50 it had offered him.

Mr D didn't agree with the adjudicator's finding. He thought that the adjudicator hadn't considered how Santander dealt with his account. He repeated his previous points, then drew attention to a new problem he had raised during the course of the investigation, over how interest was calculated. He also raised further concerns about Santander's debt management agents not accounting for payments received in December or January. Mr D wanted an ombudsman to consider his complaint.

my findings

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

Mr D wanted to communicate with the bank by letter. In April 2014, Santander agreed not to call Mr D again if he responded to letters. Santander did call him both before and after this, but it says it doesn't believe the calls were excessive. Section 188 of the Lending Code says that lenders should contact customers in the way the customer prefers, but this only applies where *"the customer remains cooperative and in regular dialogue"*. I appreciate Mr D had asked for contact by letter, and that he was writing to Santander during this period, but he didn't actually make any payments during this time. So I don't think it was unreasonable for Santander to keep ringing him during this period, and I agree that the amount of calls wasn't excessive in these circumstances.

Mr D also said Santander was ignoring the letters he was sending, including one he has a receipt for. Santander says it has a record of receiving a letter in its collections department on 20 March. It believes this may be the letter that Mr D has a receipt for, and it doesn't know why there was no response. I understand this is the letter dated 11 March 2014 which Mr D has shown us. It asks Santander to freeze the interest on his account as long as he

keeps to the offered payments. I agree that Santander should have responded to this letter, but I don't think the outcome would have been different if it had, because Mr D didn't actually make any payments to the account in the months immediately before or after this letter.

I don't think the bank was inconsistent when it wrote to Mr D. While one letter said that he didn't need to contact the bank, it was informing him of the intention to send a default notice. It was sent for information, and it was followed by other letters which Mr D was asked to act on.

And I don't agree with Mr D that the bank's letters were intimidatory. Santander was writing to warn him that his account was very likely to be defaulted. I understand that letters like this can be frightening to receive, but Santander had to tell Mr D of the possible outcome. I have seen nothing to suggest that it did this in a heavy-handed way.

There's no dispute that Santander cut Mr D off when he was calling to make a card payment. This appears to have happened twice. It's not clear why this happened, but it seems more likely that it was a problem at the bank. I understand that this is annoying. I have made an award to cover the inconvenience that this and other mistakes caused Mr D.

Santander has apologised for referring to Mr D as "Miss D" on a letter sent in September 2014. I think this was simply an error on the part of Santander, which it has said sorry for.

Mr D told Santander in June that he had set up a direct debit again, and would make a direct debit payment every month, as well as a debit card payment on the second of each month, which was needed to pay off the arrears. He asked why payment was no longer being taken. Santander told us that Mr D didn't actually make the monthly debit card payment. After Mr D didn't make any payment in July, it passed his account to a debt management agency. I don't think it was unreasonable at this point for Santander to close the account and pass the debt to a debt management agency for recovery.

Whilst we were considering his complaint, Mr D sent us a letter from Santander telling him that it was adjusting the amount he owes. Mr D said Santander hadn't explained how it got to the new figure, or why it was doing this now. He asked the service to investigate.

Santander told us that it is putting in place a new policy which applies to all its accounts, which has resulted in Mr D paying less interest, and our adjudicator passed on information on the new figure to Mr D. He said that he still doesn't know how Santander got to the original figure, which it then adjusted as part of its recent policy change.

I have seen Mr D's annual statement that works out the amount which was eventually defaulted. The statement details the amount originally loaned to Mr D, subtracts the payments which he made and adds the monthly interest due. I am satisfied that this is how the original figure was calculated. Mr D's annual statement also includes a figure for interest which would have been due over the remainder of the loan. This is money which Mr D would have paid if the account had not been defaulted. I can see that this was not included in the final figure which was passed to the debt collection agency. I think Santander should send this information to Mr D.

Mr D also sent us a collections letter from January 2015, querying why it didn't show payments he had made in December and January. Mr D provided evidence that the payments for December and January had been made. Our adjudicator asked Santander about this. It sent updated account details and a revised balance which our adjudicator

passed to Mr D, along with an explanation as to why the details were wrong on the Santander note. This seems to me to have been an error, which I understand is now resolved.

Santander offered Mr D a payment of £50 after it had investigated his complaint. The bank said it would send this, and it didn't. Our adjudicator asked the bank about this, and it said it was planning to send that money at the resolution of Mr D's complaint with the ombudsman service. I think the letter Mr D received said this cheque would follow, so Santander should have sent it.

I think it is right that Santander should compensate Mr D for the inconvenience and upset he was caused by its mistakes. I think £150, including the £50 Santander has offered, is fair. But I don't think that the bank made a mistake in defaulting his loan and passing his account over to a debt management agent. I don't order Santander to accept the standard repayments on Mr D's loan.

my final decision

My final decision is that Santander UK plc should pay Mr D £150. It should also send Mr D the annual statement for his loan prior to default.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr D to accept or reject my decision before 19 June 2015.

Esther Absalom-Gough
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