

complaint

Mrs F complains about Santander UK Plc ("Santander") regarding a payment she made being sent to the wrong account. She feels that this mistake has caused her significant consequences including that Santander believed that she had broken a repayment agreement and decided to commence repossession proceedings. She wants Santander to acknowledge it made a mistake, and for Santander to agree a repayment plan with her. She also wants compensation for the stress caused to her.

background

Mrs F and Mr P jointly own a property which was subject of an interest only mortgage with Santander. Mrs F also holds a credit card account with Santander.

The interest only mortgage term came to an end in 2016, leaving the capital of the mortgage due to be repaid.

Mrs F and Mr B were not in a position to repay the capital at that time. Santander allowed an extension of the interest only term until late 2017.

Mrs F and Mr B were unable to make an alternative arrangement with Santander to repay the capital due on the mortgage.

Santander allowed a period where it did not enforce the debt, in order to allow Mrs F and Mr B some 'breathing space' and to allow Mrs F and Mr B's circumstances to settle.

In 2018, Santander contacted Mrs F, advising that their arrears were increasing and a repayment plan was needed, otherwise Santander would have to pursue debt recovery proceedings.

Discussions continued between Mrs F and Santander about an arrangement but a formal repayment agreement was not reached.

In January 2019, Mrs F contacted Santander, offering to make 3 monthly repayments of £176.73 to begin reducing the debt.

This was acknowledged by Santander, but not formally agreed as a repayment plan because Santander did not have evidence of Mrs F's income and expenditure.

In February 2019, Mrs F attended a branch of Santander and paid in a cheque for £76.73.

It appears that the cashier receiving the cheque believed this was for payment into Mrs F's credit card account, and so allocated the cheque to that account, writing the credit card account number on the back of the cheque.

The cheque was paid into the credit card account in early February 2019. Details of the payment were then included on Mrs F's credit card statement.

Mrs F then made a further payment in March 2019, for £167.73. This was credited to the mortgage account.

In the meantime, Santander had contacted Mrs F saying that repossession proceedings would continue.

Mrs F was understandably very worried and distressed about this. She felt that the cheque she had paid in in February 2019 had been lost.

She made a complaint to Santander and Santander responded.

Santander ultimately identified, around May 2019, that the cheque had been paid into the credit card account. Santander subsequently transferred the payment over to the mortgage account.

Mrs F was not happy with this response and felt that Santander had made a significant mistake and that this had triggered the repossession process. She therefore contacted us.

One of our investigators has looked into this matter and set out his view to the parties. This was that, based on the evidence, it was not clear that Santander was wrong to pay the cheque to Mrs F's credit card account, but in any event it had told her about this in her February credit card statement. He also considered that the payment going to the wrong account was not the cause of Mrs F's agreement failing or the repossession proceedings being started. He therefore did not think that Santander had done anything significantly wrong and did not recommend the complaint be upheld.

Mrs F did not accept that view, and asked for an ombudsman 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.

Firstly, I must set out that I recognise that Mrs F has had a considerable amount to deal with in the last few years. She has described periods of illness and disability, caring responsibilities, and disputes regarding the care of family members. This must all have been very difficult for her and has no doubt impacted upon her ability to meet her mortgage requirements.

The situation with Mrs F's mortgage is complicated, and has been going on for a long time. The actions Santander has taken in relation to the mortgage are not the subject of this complaint, and have been looked at elsewhere. This complaint concerns whether Santander lost Mrs F's cheque in February, and whether this 'lost' cheque caused possession proceedings to restart. I have restricted my consideration to Santander's actions in relation to that cheque. The background of the mortgage is, however, important context.

I should also set out the role of this service. We look at complaints raised by consumers and consider if there is evidence of a business doing anything wrong towards that individual. Where there is evidence of mistakes, we look at what effect those errors have had on the individual, and where appropriate we may award compensation to put matters right.

I have to look at what the business did, and whether this was wrong in the circumstances which applied, and which it was aware of, at the time. I cannot consider the events with the benefit of hindsight.

By the end of 2018, Mrs F was in significant debt with Santander. The capital of her mortgage was due and she was more than £3000 in arrears on the interest only repayments.

Mrs F reached an informal agreement with Santander to make 3 monthly repayments of £176.73.

Mrs F attended the branch to make a payment, but made an error in the amount of the cheque, so that the amount paid in was £100 less than the agreed amount.

I do not doubt that Mrs F intended this payment to be put towards her mortgage debt, but I cannot be certain of what happened, or what was communicated, at the counter that day.

It is clear that, whatever was said at the counter, the credit card account number was written on the back of the cheque and it was routed towards her credit card account. I think it is likely that the number was written on the cheque at the time of paying in.

I cannot determine what happened during the conversation as Mrs F paid in the cheque and do not have evidence to demonstrate that it is more likely that Santander, rather than Mrs F, made the mistake. Consequently, I cannot say that I am satisfied Santander was wrong to send the cheque to Mrs F's credit card account.

Santander did then confirm the payment to Mrs F's credit card in her February 2019 credit card statement. Mrs F has indicated that she doesn't always read her post but that does not affect whether it was sent. In my view, Santander acted reasonably in adding the payment to the statement and providing this to Mrs F. Had she seen this, she would have known what had happened to the cheque.

Mrs F then made a second payment towards the mortgage account which, due to an error in the order of the numbers, was also for less than the agreed amount.

Santander considered that the agreement had failed and recommenced its action.

I understand why Mrs F feels that the February cheque being paid into the wrong account made Santander think that the agreement had failed, but I do not think that this is the case. Even if the cheque had been allocated to the correct account, the amount of that cheque was insufficient to meet the agreement and it would have broken the agreement, even if it had reached the correct account.

In the circumstances, I think that Santander would have made the decisions it has made even if the error with the February cheque had not happened.

I accept though, that it has made a difference to Mrs F, and that she has been caused worry about tracing where the cheque went. She feels that Santander took too long to identify this, and she had to investigate herself, with the bank which issued the cheque.

I accept that Santander did not identify what had happened during its correspondence before May 2019, but, as it had identified the payment in the credit card statement in February, I don't consider that it was lost, and I cannot conclude that Santander delayed in reporting to Mrs F where the cheque had gone.

I realise that Mrs F will be disappointed by this decision, but for the reasons set out above, I do not think that Santander has done anything significantly wrong, and I do not uphold Mrs F and Mr B's complaint.

my final decision

For the reasons set out above I do not uphold this complaint and do not ask Santander UK Plc to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F and Mr B to accept or reject my decision before 29 November 2019.

Laura Garvin-Smith
ombudsman