

## **The complaint**

Miss B complains that Santander UK Plc, in respect of her two credit card accounts, sent a letter requesting payment of the arrears and subsequently added interest although she was on a paydown plan.

## **What happened**

On 9 February 2023 Miss B contacted Santander to discuss her personal circumstances and her accounts with Santander. In respect of her two credit cards a paydown plan was agreed whereby she would pay nominal payments of £1 a month. It was confirmed that no interest or other charges would be added to the accounts whilst the plan was in place. Additionally Santander agreed to refund interest charges of £86.35 for card 1 and £106.39 for card 2.

Subsequently Miss B received a letter from Santander dated 13 February 2023 advising that it had not received the full monthly payment due and that if she didn't contact it within the next seven days the account would be referred to collections and interest and charges would become payable.

Miss B contacted Santander who advised her that the letter had been set up to be sent out before the paydown arrangement had been made. And although the letters were dated after the arrangement, in error they were not cancelled on the system. To compensate her for its error Santander agreed to pay Miss B £50.

When Miss B received her monthly statement for card 2, she was disturbed to note that she had been charged £53.73 interest. When she contacted the complaints team at Santander it agreed that an error had been made and refunded the interest. It checked both accounts and saw that £44.07 interest had been charged for card 1. It refunded that and after reviewing the complaints and noting that Miss B suffered from anxiety agreed to pay her £250 compensation for distress and inconvenience.

On referral to the Financial Ombudsman Service our Investigator noted that Santander had paid £50 compensation for the error in sending the letter and £250 compensation for charging her interest in error. At that stage it was thought that Santander had paid a further £50, but that relates to another complaint. Our Investigator still thought that the compensation awarded and the interest refunded was fair and reasonable.

The matter has been passed to me for further consideration.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As Santander has paid compensation and refunded the interest charged in error, I have to consider whether that payment was reasonable or whether the compensation should be increased. I have taken into account that Miss B suffers from anxiety and serious health problems.

The initial error concerns a letter sent to Miss B by Santander, advising her of the arrears and threatening to pass the matter to its collections team. I think it's reasonable to accept Santander's explanation for this - that the letter had been due to go out automatically. So when it arranged the paydown plan with Miss B, I presume that Santander should have cancelled the sending of the letter. For its error in this respect it paid £50. I think this was reasonable, particularly as once the mistake was drawn to its attention it immediately offered the payment.

When Miss B received her statement and found that interest had been added, I think it was a more serious error. I have taken into account that when Miss B advised Santander of this, it refunded the interest and pro-actively checked the other account. When it found interest had also been added, it refunded that interest payment. I note that Santander was aware of Miss B's health problems and that her having to contact it to resolve the matter would have caused her a lot of anxiety.

Santander has compensated Miss B for its error in adding interest to her credit card accounts. It took around two weeks to complete its investigations. I accept that, Miss B having been caused stress and anxiety by the first letter sent in error, this would have been compounded by the apparent failure to note the paydown plan on her accounts. Nevertheless, I think that the payment made by Santander in respect of Miss B's distress and inconvenience, of £250, was fair and reasonable and I am not inclined to increase it.

I'm sorry that there was some confusion over a further £50 payment. But even taking into account that that did not refer to this complaint I still think the payment made was fair and reasonable. I'm also sorry that Miss B has found the process of having to complain to the Financial Ombudsman Service to be stressful, but as it is a free service for consumers to use we don't award additional compensation for that.

### **My final decision**

As Santander UK Plc has in my view paid fair redress, I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 3 November 2023.

Ray Lawley  
**Ombudsman**