

The complaint

Miss E complains that Santander UK Plc failed to provide reasonable support when she asked it to write off a credit card debt.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

Miss E has a credit card with Santander. In 2021 Miss E and her representative sent Santander information about her unsecured borrowing which was around £53,000 at the time and completed a financial assessment that showed she wasn't working. In light of Miss E's circumstances, she asked Santander to write off the credit card debt. Santander didn't offer to write off the balance but agreed to suspend interest and accept payments of £25 a month.

In February 2022 Miss E completed another income and expenditure assessment that showed she only had around £15 a month in disposable income. Miss E and her representative asked Santander to consider accepting a partial settlement or writing off the outstanding balance in light of her circumstances. Medical evidence was supplied by Miss E's doctors, including a letter that gave details of the impact of her mental health conditions on her ability to manage finances and return to work. Santander reviewed the information but didn't agree to write off the balance or accept a partial settlement. But Santander agreed to continue to suspend interest and accept monthly payments of £25.

Payments were missed between February and May 2022 and Miss E has told us she borrowed money to make them up. From that point Miss E made payments of £25 a month. In early 2023 Santander wrote to Miss E to say her credit card was exiting the Financial Support team and was now up to date. Miss E spoke with Santander via a web chat and was advised that when interest started to be applied her minimum payment would go from £25 to around £51. The agent added that the last income and expenditure assessment was completed in March 2022 and asked Miss E to complete a new one.

Miss E raised concerns about the way her credit card had been handled. Santander issued a final response on 16 February 2023 and said Miss E's account was no longer in arrears so it was normal practice for it to exit the Financial Support team and for interest to be applied. Santander repeated its request for a new budget planner and added that a letter of authority to speak with Miss E's representative had expired. Payments ceased from February 2023.

Santander issued a follow up final response on 15 March 2023. Santander said it had considered all the information provided by Miss E when reaching its decision to decline the request to write off the outstanding balance. Santander also said that Miss E could discuss a pay down arrangement to make affordable repayments to the credit card without paying interest or charges. Santander added the account would eventually default but wouldn't be passed to a debt collector. Santander also said Miss E's representative had been registered on the account. Santander offered £100 for the service provided.

Miss E's representative referred her complaint to this service and it was passed to an investigator. Miss E's representative explained that Miss E's health problems and circumstances hadn't improved and that she wanted Santander to write off the outstanding balance, as her other creditors agreed to do. The investigator wasn't persuaded that Santander had treated Miss E unfairly and didn't uphold her complaint.

On Miss E's behalf, her representative asked to appeal. They said Santander was aware of Miss E's vulnerability and medical history but had failed to follow guidelines. They also said Santander had incorrectly advised Miss E her account was up to date as she was paying less than the minimum payment while interest wasn't being applied. Miss E's representative said that the decision to exit Miss E's account from specialist support was unfair. As Miss E's representative asked to appeal, her complaint has been passed to me to make a decision.

What I've provisionally 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.

I'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

In response to the investigator, Miss E's representative asked why the partial settlement and write off requests had been rejected. Santander hasn't specifically said why. But looking at its systems notes and internal emails, I can see that the amount offered was considered to be too low. An email between staff from March 2023 said that Santander wouldn't look to write off a debt solely on the basis of medical evidence. It adds there was nothing to suggest Miss E would be unable to return to work. Whilst the emails and information appear to have been recorded during the complaint investigation in 2023, I'm satisfied they show the sort of things Santander took into account when considering Miss E's request.

I've reviewed the information Miss E submitted last year. I've paid particular attention to the supporting medical evidence supplied. I won't go into detail as the information is very personal in nature and all sides have received a copy. But the medical evidence lists all Miss E's conditions and talks about how they impact her life. In particular, I note that Miss E submitted a letter from the Department of Neurology that confirmed her health problems go back to 2018 and that the symptoms are likely to be with her for the rest of her life. The doctor confirmed that Miss E is unable to work and unlikely to see improvement sufficient to return to employment again. That goes against the points Santander has made concerning whether Miss E is likely to be able to return to work and begin repayments. In my view, Santander has already received medical evidence that confirms Miss E is unlikely to be in a position to return to work due to her conditions.

I also note Santander reviewed Miss E's budget planner on a number of occasions, all of which have showed she is unable to afford to make repayments. The financial assessments show Miss E has been in receipt of benefit income for several years. And the most recent budget planner showed Miss E only had £15 a month left as disposable income after her priority bills were paid.

Given the information provided by Miss E's doctors and included in her financial statements, I think Santander had information that verified what she'd told it about her circumstances at

the time. We know Miss E suffers with serious mental health issues that impact her day to day life, work and finances. And Miss E's doctors have confirmed Miss E's circumstances or ability to work are unlikely to change in the long term. The budget planners show Miss E's income isn't sufficient to make sustainable repayments towards the outstanding balance in the long term.

We won't always tell a business to write off a debt. But there are cases where we may say that pursuing the debt would cause unreasonable harm to a borrower. I think this is a case where Santander already has information on file that shows Miss E is unlikely to ever be in a position to repay the debt. And I haven't seen anything that shows continuing to offer to revisit the financial assessment or discuss potential payment arrangements is likely to change that position. I think that requiring Miss E to continue to complete these steps is likely to cause her an unreasonable level of distress and without changing the situation.

I haven't been persuaded that Santander treated Miss E positively and sympathetically as it is obliged to do. Overall, I agree with Miss E that she's submitted clear evidence that shows she can't afford to make repayments and is unlikely to be able to do so in the future. Taking Miss E's mental health concerns and vulnerability into account, think the fairest approach would be for Santander to write off the outstanding balance and stop pursuing her for payment.

In my view, the lack of positive and sympathetic support to Miss E has caused a significant level of distress and inconvenience. So in addition to the above, I also intend to tell Santander to pay Miss E £500. I think that figure more fairly reflects the lack of support and the impact on Miss E.

In my provisional decision I invited both parties to respond with any additional comments or information they wanted me to consider before I made my final decision. On Miss E's behalf, her representative responded to say Santander had recently issued a default notice, ignoring all the medical evidence and other information it had been sent. They advised other lenders had made the decision not to pursue outstanding balances in light of Miss E's circumstances. The representative added that when they spoke with Santander it admitted Miss E's account had been moved to its collections team in error.

Santander responded and said it agreed to pay Miss E £500 for the distress and inconvenience caused as set out in my provisional decision. But Santander did agree it had made an error with the arrears on Miss E's account and didn't agree to write off the balance.

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.

Miss E's representative has explained that Santander sent her a default notice and collections letter after incorrectly moving her account to the collections team. I've read the default notice. I'm surprised Santander took the decision to issue a default notice after I issued a provisional decision that explained I intended to tell it to write off Miss E's outstanding balance. I'd have expected Santander to have placed the account on hold in the circumstances, awaiting the outcome of Miss E's complaint.

With that being said, my provisional decision explained that Miss E had supplied evidence that verified her claim that she is very unlikely to be in a position to return to work in the long term due to long term mental health difficulties. That means Miss E isn't in a position to repay the outstanding balance. So whilst I think the fairest approach is for Santander to write off the outstanding balance on the account, as I said in the provisional decision, I don't find it

unfair for Santander to record a default on Miss E's credit file. Ultimately, that does accurately reflect how the account has been administered. But if Miss E accepts this decision, Santander will be obliged to close the account and write off the outstanding balance in full. That means Miss E won't be liable for any further repayments and won't be pursued further, which is in line with what she's told us other lenders have done.

Santander responded and said no errors had been made with the arrears on Miss E's account. But I think that misses the key point in the provisional decision which is that whilst Miss E's account may be in arrears, she's verified health conditions that mean she is very likely unable to repay it in the long term. As I said in the provisional decision, I'm satisfied that in Miss E's circumstances pursuing her for the outstanding balance will cause an unreasonable level of harm. Which is why I said I was telling Santander to write off the outstanding balance. I haven't been persuaded by Santander's response to change my view of how to resolve Miss E's case.

I remain of the view that Santander has caused Miss E a significant level of upset and difficulties by the way it's handled her account. So I'm going to continue to award £500 to Miss E for the distress and inconvenience caused.

My final decision

My decision is that I uphold Miss E's complaint and direct Santander UK Plc to settle as follows:

- Write off the outstanding credit card balance (ceasing all collections activity)
- Pay Miss E £500

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 10 November 2023.

Marco Manente
Ombudsman