

The complaint

Miss T has complained that during a time of financial difficulty Santander UK Plc removed her overdraft facility and demanded the full balance to be repaid.

What happened

Miss T says she has had several road traffic accidents which impacted her health. As a result she was not able to work as frequently as she would have liked. This impacted her financial situation. And so she was unable to make payments to her overdraft facility.

Miss T said she discussed her financial situation with Santander, she explained when she could make a payment, she would. She also explained that she was owed compensation from her accident. And when she received that she would be able to make a payment. So Santander agreed to put her account on hold.

Santander removed Miss T's overdraft facility on 31 May 2019 and sent a demand for the full balance of over £2,000. It also said it would be placing a default on Miss T's credit file. Because of this Miss T feels Santander has not taken her financial hardship into consideration. She feels it's unfair and has made her financial situation worse. Miss T would like Santander to remove the default from her credit file and arrange a temporary arrangement to clear the overdraft in 10 months.

Santander has said Miss T was made aware on at least three occasions that the overdraft facility would be removed if credits weren't received more regularly into the account. It also said it had tried to contact Miss T on several occasions (prior to removing the facility) to discuss the matter further but unfortunately Miss T wasn't available.

As Miss T remained unhappy she brought the complaint to our service. Our investigator looked into the complaint, but he didn't recommend that it be upheld. To summarise he said he didn't think Santander treated Miss T unfairly. Once it had been made aware of her circumstances it provided her with a contact to the customer assist team who tried to contact her on numerous occasions to discuss payments. All charges were stopped after Santander were informed of Miss T's situation and charges were refunded that shouldn't of been applied.

He said in a year Ms T had only credited £127.00 into the account. And there was an outstanding overdraft in excess of £2,000. So, in line with the terms and conditions of the account, Santander withdrew the facility.

Our investigator went on to explain that after Santander had assessed Ms T's income and expenditure she didn't have any surplus income to offer. So while Miss T feels she was in a position to repay the debt in ten months' time, there isn't any evidence provided to confirm this. She has also said Santander should've done more to assist her including a consolidation loan. Miss T didn't agree and asked for the case to be passed to me to consider.

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.

Having done so, I agree with the investigator's opinion for broadly the same reasons, I will explain why.

I have reviewed the terms and conditions of the account which says:

All overdrafts are subject to status. We may require you to repay the amount you owe in full on demand at any time.

So with this in mind, I can't say that Santander has acted unfairly by removing the overdraft facility and asking Miss T to repay the balance. The terms and conditions of the account state it is able to do this. And as Miss T would've agreed to the terms and conditions when she opened the account, I think it's reasonable to say she would've or ought to have been aware of this.

Therefore, I have gone on to consider if Santander acted positively and sympathetically to Miss T's circumstances once it was made aware of her financial difficulty.

On 1 October 2018 it appears that Miss T made Santander aware she was unwell, so Santander blocked any charges being applied to the account. Later that month I can see that Santander issued a letter to Miss T advising that she was not making enough credits to the account. It explained that an overdraft limit is decided based on the credits which enter the account. Ms T was made aware that if payments were not made in the next two weeks the overdraft would be removed.

Having reviewed the contact notes, it appears between October and December 2018 there were conversations which took place via phone (with the customer assist team) and letters issued explaining that Miss T had not operated the account in line with the terms and conditions. In November 2018 Santander agreed to place Miss T's account with the customer assist team. This was done to provide Miss T with some breathing space as she was unwell but it did make it clear that this wouldn't be indefinitely.

On 12 December 2018 Santander sent a further letter stating it tried to contact Miss T but was unable to get hold of her. Miss T sent an email confirming she was still in the same position but would be able to make a payment to the account in February 2019.

In March 2019 I can see a payment plan was agreed with Miss T. She said she would pay £20 per month into the account, but unfortunately Miss T didn't keep to the payment plan agreed. Again, I can see Santander tried to contact Miss T in April and May 2019 but was unable to reach her.

So, as the payment plan had been broken, not enough credits had entered the account and Santander was unable to contact Miss T, it made the decision to remove her overdraft facility. And I don't think this was unreasonable considering Miss T had not kept to the payment plan she had agreed to. And I can't see any evidence to suggest Miss T had contacted Santander to make it aware she wouldn't be able to keep to that agreement.

Overall Santander sent the account to the customer assist team temporarily, stopped applying charges and agreed a repayment plan, which I think demonstrates it has acted positively and sympathetically.

I appreciate Miss T thinks more could've been done by Santander in order to support her. But having considered the income and expenditure assessment she completed with Santander Miss T didn't have any surplus income to offer towards a further repayment or consolidation loan (which she has previously mentioned). So, I can't see how that would've improved Miss T's circumstances.

Miss T has also said that her account shouldn't have been defaulted. But under the terms and conditions it says if a customer fails to manage the account in accordance with the terms Santander may ask for the full balance to be repaid. If there is an outstanding balance the account may be defaulted. Santander tried to contact Miss T several times and was unable to get hold of her, so it issued a default notice. The account was defaulted later that year and I'm satisfied it was applied correctly.

Overall, I'm satisfied Santander acted in line with the terms and conditions of the account and after being made aware of Miss T's circumstances acted positively and sympathetically. With that in mind I won't be asking it to do anything further.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 2 April 2020.

Jade Rowe
Ombudsman