

The complaint

Mr G complains that Santander UK Plc has put a default on his credit file, but he says he didn't know that he owed Santander any money. He wants Santander to take the default off.

What happened

Mr G used the account switching service to move from Santander to another bank. He didn't realise that a payment had come out of his old Santander account. He'd moved not long after he used the switching service, so he didn't get any letters or calls from Santander. Charges were applied, and the total went up.

Mr G said he paid this debt off as soon as he realised, but he didn't realise until after a default was placed on his account in July 2019.

Mr G said this was having a big impact on him, as he was hoping to apply for a mortgage. Then later he said he'd been turned down for a mortgage because of the default.

Santander said Mr G used his debit card after it had received a request from his new bank to start the account switching process. And there were fees due to be applied to the account too.

Santander said the website of the bank Mr G switched to explains that an account won't be closed if there's an amount owing. Santander also said Mr G was still logging in to online banking, so he would've known this. It showed us the logs of online account access.

Santander didn't think it had done anything wrong. It had tried to contact Mr G repeatedly about the debt. It thought it was Mr G's responsibility to keep his contact details up to date.

Our investigator didn't think this complaint should be upheld. He said Santander had tried to get in touch with Mr G. When it couldn't do so, our investigator said that Santander had correctly applied the default.

Mr G said he didn't think he would need to give Santander his new contact details because he no longer banked with it. He moved house in January 2019. If he'd been told before then that the account hadn't been closed because of an outstanding balance, he could've acted on this. He still wanted this default removed. Because Mr G didn't agree with our investigator, the case was passed to me to resolve.

My provisional decision

I issued a provisional decision on this complaint and explained why I didn't propose to uphold it. This is what I said then:

It's the bank someone switches to that explains the terms of the switch. And the bank Mr G switched to said that Mr G's account wouldn't be closed if it was overdrawn.

Mr G says he didn't know that, he thought the Santander account had just been closed. A couple of months later he moved. He didn't think he needed to tell Santander about this, because he didn't have an account with it any more.

Mr G now knows that his account wasn't closed. It was overdrawn when the switch was actioned. His last statement says that he will be charged £50 in fees. There wasn't enough money in the account to cover those fees.

I don't think that Santander did anything wrong by not closing Mr G's account when the switch was actioned.

Santander has shown us it did try to get in touch with Mr G several times before it defaulted the account. So I don't think that Santander did anything wrong when it then recorded a default on Mr G's credit file.

The attempts Santander has shown us to contact Mr G were dated after when he says he moved. But it's also shown us that Mr G's online account was accessed in this time. The account overview was still being accessed in late January 2019.

On balance, I think it's more likely than not that Mr G was aware that his account hadn't been closed.

Considering this case as a whole, I don't think it would be fair and reasonable to require Santander to remove the default from his credit file now. I know Mr G will be disappointed, but my provisional view is that this complaint shouldn't be upheld.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Neither side replied.

What I've decided – and why

I've reconsidered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I haven't changed my mind.

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 Mr G to accept or reject my decision before 24 June 2020.

Esther Absalom-Gough
Ombudsman