

The complaint

In summary, Mr G has complained that Santander UK Plc didn't tell him about the changes to the terms of his 123 student account, when it was converted to a 123 graduate account. He believes that as it demanded repayment of his agreed overdraft without informing him, this has affected his credit file.

What happened

In 2016 Mr G opened a student bank account. The application form recorded his graduation date as 1 July 2019.

Mr G used the agreed overdraft facility on his 123 student account. He says he contacted Santander in June / July 2019 and asked if he could keep his account. Santander says it has no record of Mr G contacting it at that time.

Mr G complained to Santander after he was told by it that he needed to repay the overdraft that he had on his 123 graduate account. Santander told him that his overdraft had been removed as a result of him not paying any money into his account. The terms of the account required him to do so. It went on to say that it had written to him about the overdraft, but he hadn't contacted it.

Mr G said he hadn't been made aware of any changes to the terms of his account and he hadn't been receiving post. Santander put a block on the account in November 2019 when post it had sent Mr G, was returned to it. And it texted Mr G asking him to contact it.

Our investigator looked into Mr G's concerns and explained why she wasn't upholding his complaint. As Mr G didn't agree with what the investigator said, the case has been passed to me for review.

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.

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The terms and conditions of the student 123 account say that for the interest free arranged overdraft to be available, a minimum of £500 a term needs to be paid into the account. They also say that when the account holder ends their studies, the 123 current account will be transferred to a 123 graduate account.

Mr G has said that he contacted Santander in June / July 2019 asking if he could keep his 123 student account. So, I'm satisfied that he was aware that the account was changing to a graduate 123 account when his course came to an end.

What the student 123 account terms and conditions don't say, is what the terms and conditions of the 123 graduate account will be. Those were contained in a separate key features document for that account. Santander has said the key features for both accounts were available on its website.

I'm satisfied from what Santander has said, that in this particular case, it didn't provide Mr G with details of the key features for the 123 graduate account. I also think it's unlikely that these would have been provided to Mr G when he first took out the 123 student account, as he wouldn't have had a graduate account for a number of years in the future. And as the terms and conditions could have changed between Mr G taking out the 123 student account and it converting to a graduate account when he finished his studies; it seems to me more likely than not, that Santander would have provided a key features document when the 123 student account was converted to a 123 graduate account. And Santander hasn't been able to provide evidence in this case that it did provide Mr G with key features documentation for the 123 graduate account.

So, for these reasons, I'm not satisfied that Mr G would have been aware of the terms and conditions of the 123 graduate account and the need to pay his primary form of funding into that account. But I don't think this failing by Santander would have made a difference to the account being blocked and the overdraft facility being withdrawn. I'll explain why.

From what Mr G has said, he was aware that his 123 student account would be converting to a 123 graduate account. And he should have been aware from the terms and conditions of his 123 student account that his arranged overdraft would be withdrawn when his studies ended. So, I think this should have alerted Mr G to question Santander as to what would happen to the agreed overdraft facility, he had with the 123 student account, if he hadn't heard from Santander after the account had been converted to a 123 graduate account.

It seems to me therefore that even if Santander had sent Mr G the key features for the graduate account, this wouldn't have made a difference to what happened to his agreed overdraft facility and the running of his account. I say this because Mr G has said that he didn't receive any communications from Santander. And in November 2019 Santander received returned post it had sent to Mr G at the most recent address it had for him. It also tried to contact Mr G after this by texting him. And I've seen its records that show it tried to contact him by text.

So even if Santander had written to Mr G with the 123 graduate account key features, I think as he says he didn't receive correspondence from Santander, it's unlikely that he would have received this documentation either. And he didn't respond to Santander's further attempts to contact him by text. As a result, I don't think Santander not providing Mr G with the key features for the 123 graduate account, would have made a difference to his overdraft being withdrawn in this particular case.

My final decision

For the reasons I've set out above, my final decision is not to uphold Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 1 October 2020.

Simon Dibble
Ombudsman