

The complaint

Mr A complains that Santander UK Plc has unfairly registered a default on his credit file.

What happened

Mr A says he agreed a repayment plan with Santander in May 2020. He accepts he may have been late making some payments but says he did make them. Mr A says he thought the agreement was for six months, but Santander registered a default on his credit file before then. He says he thought six payments had to be missed before a default could be registered and says he didn't receive any letters from Santander about this. Mr A says he tried to speak to Santander but couldn't get through to it.

Santander says it wrote to Mr A in early 2020 about his account. It says it agreed a two-month plan with him in May 2020 that he pay £10 a month. Santander says Mr A made the first payment but not the second and so the agreement ended. It says it sent numerous letters to Mr A about the account before sending him a Notice of Default, but he didn't respond and so registered a default on his credit file. Santander says it refunded charges and tried to help Mr A.

Mr A brought his complaint to us and our investigator didn't uphold it. The investigator thought Mr A ought to have been aware that Santander was concerned about the account in early 2020. And ought to have been aware of the agreement in May 2020. The investigator thought Mr A missed the required payment which ended the plan and couldn't hold Santander responsible for correctly addressed letters being received by Mr A's neighbour. The investigator also thought Santander was entitled to register a default in these circumstances and that Mr A could have called Santander at other times of the day not just his lunch hour.

Mr A doesn't accept that view and in summary questions why Santander sent so many letters in early 2020. He says he suffered a bereavement during the plan leading to the missed payment and has screen shots of attempted calls to Santander. He also says he made a double payment of £20 in August 2020 to cover the missed payment and says Santander said it would call him during the plan.

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 have come to the overall view that I don't uphold this complaint. I appreciate Mr A will be disappointed by my decision.

The Information Commissioners Office (ICO) provides guidance on the registration of a default and says a default should be registered after three to six months of arrears. I have looked carefully at Santander's records and can see that it sent a number of letters to Mr A about his account in early 2020. I think it ought to have been clear at that stage that Santander was concerned about the account, the lack of credits and that it had exceeded

the overdraft limit. And I also think that Santander fairly tried to help Mr A by refunding charges

I'm satisfied that a two-month plan was agreed between Mr A and Santander in May 2020. I appreciate Mr A says that agreement was for six months, but I have not seen any evidence a six-month plan was agreed. I can see from Santander's records that Mr A missed the second payment, and, in those circumstances, I don't think it had any option but to conclude the plan had failed. I can also see that Santander sent Mr A numerous letters about the position and asked him to make contact with it. I don't think Mr A replied to those letters or spoke to Santander and so I don't think it made a mistake by concluding the relationship between it and Mr A had broken down. It follows that I also don't think Santander made a mistake by registering a default on Mr A's credit file in these circumstances.

I appreciate Mr A says he didn't receive any of Santander's letters until some months later as they were delivered to his neighbour. I don't think it's clear why the letters would not have been received by Mr A as I can see they were correctly addressed. But in any event that is not something I can fairly hold Santander responsible for as it's not responsible for the safe delivery of the mail. I also think that it was Mr A's responsibility to manage his account and that he would have known he had missed a required payment. In those circumstances I would have expected him to have made contact with Santander either by telephone, letter or attending a branch.

I also appreciate Mr A says he made a double payment in August 2020 of £20 to cover the missed payment in July 2020. I have looked at Santander's records and can't see that payment only a £10 payment. But in any event, I have made clear that I think the arrangement was broken by the missed second payment and Mr A ought reasonably contacted Santander and checked what the position was in the light of that missed payment and not assumed the agreement would continue.

Overall, I'm satisfied that Santander made clear to Mr A that it had concerns about his account and that it tried to help him by refunding fees and by agreeing a plan. I find that Mr A broke the agreement and made no contact with Santander until some months after, by which point, I'm satisfied the relationship between him and Santander had broken down. I'm also satisfied that Santander was entitled to register a default in these circumstances and so I can't fairly order it to remove it from Mr A's credit file. I don't think there was ever a six-month plan set up and have not seen any evidence on Santander's records that it agreed to call Mr A after the plan had been set up.

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 A to accept or reject my decision before 30 November 2021.

David Singh
Ombudsman