

The complaint

Mr H complains that Santander UK Plc (Santander) made errors on his student and graduate accounts.

What happened

Mr H started his university degree in 2016 on a four-year course. In 2019, he was told by Santander that his account was changing from a student to a graduate account (for a further two years). In 2020, he was told his account was changing from a graduate account to an everyday account. In January 2021, Santander told him his graduate account offer was to end in July 2021. In January 2021, he was declined for a graduate overdraft of £2000, and £1500 was agreed.

Mr H complained. He said that he'd visited three branches in August 2018, 2019 and September 2020 – to provide the necessary documents and to try to resolve his situation. But – errors continued each time. Then, in January 2021, he was told by Santander that they'd approved the overdraft of £2000, but it was then withdrawn and his original one of £1500 was agreed instead. And – Santander did a credit search for the overdraft of £2000. This meant his credit score had gone down, and he was now finding it difficult to get credit or change banks.

Santander apologised. They should've put Mr H's graduate account in place up until July 2022, but due to an error it was due to expire in July 2021. They refunded the interest he'd paid on the overdraft – as it was an interest-free offer. On Mr H's request for an overdraft of £2000, Santander said they'd made an error – Mr H had been misinformed by the member of staff- he didn't qualify for £2000 and had to stay with his current overdraft of £1500. Santander offered Mr H compensation of £150 for the poor service he'd received.

Mr H didn't accept Santander's offer and brought his complaint to us. Our investigator said that Santander had dealt with Mr H's complaint fairly. They'd changed his graduate account to expire in July 2022, and refunded the interest paid of £23.87. On the impact of the declined overdraft of £2000, Mr H couldn't evidence how he'd been disadvantaged by this although he said he had several items he needed to buy for his flat, and now couldn't. Our investigator couldn't see a credit search done by Santander on Mr H's credit report – so there couldn't have been any impact on his credit rating as a result.

Mr H didn't agree and asked that an ombudsman look at his complaint.

I reached a provisional decision where I said:

I take a slightly different view to our investigator here. I think that the number of mistakes made by Santander were significant – when viewed together and over time - and caused Mr H a lot of inconvenience– and on that basis, I'm recommending a higher amount of compensation. This service considers that an award of up to £300 might be suitable where there have been repeated small errors (or a larger single mistake), requiring a reasonable effort to sort out. And I think that – given the number of errors that occurred on Mr H's accounts, a higher award of this amount is appropriate.

On the first complaint about the student and graduate accounts. In Mr H's complaint he said his original student account should've run from 2016 to 2020, and he visited a Santander branch in August 2018 to show his course details. But – in 2019, he was told his student account was expiring and had to visit another branch to show the course details again. But – the account was then converted to a graduate account until 2021 – when it should've been through to 2022.

This was then compounded by the subsequent problems when the account was converted to an everyday account and he was charged interest (the student and graduate accounts were interest – free). I've seen that Mr H visited three branches during this time to show Santander the right documents. Santander have admitted there were errors made. And the graduate account was then put in place through to 2022 – as it should've been all along. So – Mr H's student account was set up wrongly, as was the later graduate account. Mr H has also said he called Santander about ten times to try to resolve matters. So, Santander had several chances to put things right, but didn't. And it's on that basis that I'm recommending a higher award of compensation.

Turning to Mr H's request for a graduate overdraft of £2000 in January 2021. I've looked at the 'key facts' of Santander's graduate offer. It says, "*This current account comes with an interest-free and fee-free Arranged Overdraft (Limit applies)*" – and goes onto say that the overdraft can be "*Up to £2000*". So – Santander had to agree the amount – and they were within their rights to decline to give Mr H an overdraft of £2000 if they wished. But – Santander have admitted they were wrong to tell Mr H that he'd been approved for an overdraft of £2000 – which they then withdrew and said he had to remain with his current limit of £1500. I agree that this must have been frustrating for Mr H – but he hasn't been able to show us how he was disadvantaged by this – other than of course having the comfort of it should he need it. But – while the impact was minimal, or can't be quantified, this was another mistake by Santander – which came on top of the previous problems with Mr H's student and graduate accounts.

Mr H says his credit rating had gone down because Santander did a credit search for the limit approval. But – Mr H's credit report doesn't show such a search – it just records that he has an account with Santander with a limit of £1500. So – it's unlikely to have affected his score. I have observed though – there are several other searches done by other lenders – and these may have influenced Mr H's credit rating. So – I don't think this is something we can consider when deciding the outcome of Mr H's complaint.

And so – given the compound effects of what Mr H experienced, I consider a higher amount of compensation is warranted – and this should be £300.

Responses to the provisional decision:

Mr H didn't respond. Santander accepted the findings, but asked for clarification whether the £300 compensation included the £150 already offered to, and rejected by Mr H.

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.

As Mr H didn't respond, and Santander accepted the findings in the provisional decision, I won't be departing from it and for the reasons set out in it. I confirm that the compensation of £300 is to include the offered £150 – so a total of £300 to be paid.

My final decision

I uphold this complaint. And Santander UK Plc must:

- Pay £300 to Mr H for distress and inconvenience. This to include the £150 already offered to Mr H.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 November 2021.

Martin Lord
Ombudsman