

The complaint

Miss T is unhappy that Santander UK Plc ("Santander") provided incorrect advice about an account overdraft.

What happened

Miss T held a student account with Santander. The account had a £2,000 interest free overdraft attached to it. After Miss T graduated in July 2018, the account changed to a graduate account with an interest free overdraft until August 2020.

Following this Miss T called Santander in May 2019 and says she explained that she would be starting a post-graduate degree in September 2020. Miss T says that Santander advised her to take proof that she was starting a post-graduate degree to one of its branches and her account would be changed back to a student account. Miss T said she did this but was told email confirmation wasn't sufficient.

Due to the implications of the Covid-19 pandemic, Miss T couldn't visit a branch and so she called Santander in May 2020 following receipt of a letter from Santander explaining her account would be changing to a current account, which would incur overdraft interest. During the call, she says she asked how she could provide proof to Santander that she was starting a post-graduate degree. However, Santander explained it didn't offer a student account for post-graduate degrees. So Miss T complained to Santander and said she was incorrectly advised that her current account would revert to a student account when she started her post-graduate degree.

Santander issued its response to Miss T's complaint and said it couldn't listen to the call that Miss T had with it in 2019, in which she said she was provided incorrect information. So it said it took her word for this. It also said it didn't offer the student account it had didn't cover post-graduate courses anymore. And so it said it couldn't change the account back. It said the charges had been correctly applied, but it credited her account with £250 to cover some of the charges she may incur.

Miss T referred her complaint to this service in August 2020. She said the £250 Santander had paid her would only cover her overdraft fees for around three months. She said it should pay her the overdraft fees she would incur for the two years she was led to believe she would have an interest free overdraft. She also said as a result of the incorrect information Santander had provided her about the account, her credit file had negatively been impacted. Since the complaint has been referred to this service, Miss T has repaid the overdraft.

Our investigator looked into the complaint and said he felt the £250 that Santander had offered was fair and reasonable in the circumstances. This was because Miss T was only charged a total of £175.86 in overdraft charges for the five months after July 2020. He said Miss T's credit file was impacted as she was over her agreed overdraft limit. And Santander had already reimbursed her for the interest she paid. So he didn't think Santander needed to pay any further amounts to Miss T and neither did he think it should amend her credit file.

As Miss T remains unhappy, the complaint has been passed to me to decide.

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.

In this case, Santander has said no call recording is available for the call Miss T made in May 2019. Due to this, it accepts it provided Miss T with incorrect information about her account being reverted to a student account when she started her post-graduate degree. In light of this, what I need to decide here is whether Santander has fairly compensated Miss T for the incorrect information it provided. And if not, what, it needs to do to put things right.

I've considered what Miss T would have likely done if Santander had provided her with correct information in May 2019 and told her that her graduate account wouldn't have reverted to a student account when she started a post-graduate degree.

Having done so, I think it's more likely than not, that Miss T would have kept her Santander account even if she had been provided with the correct information in May 2019. I firstly say this because Miss T's graduate terms which still provided preferential terms, were due to run until August 2020 anyway. I don't think she would have moved providers at this stage as she was unlikely to be able to receive such terms with another bank at that time, because she wasn't due to start her post-graduate studies for another year.

Furthermore, when Miss T was provided with the correct information in May 2020, she still had around four months before she started her post-graduate degree. Given she knew she couldn't get a student account with Santander, I think it would have been reasonable for Miss T to have obtained a student account with a provider which provided them for post-graduate studies or explore her options elsewhere, in an attempt to mitigate her loss. However, she didn't do this and continued to use the account after she started her post-graduate degree.

I can see that Santander has already paid Miss T £250 to put things right. I understand the incorrect information caused Miss T distress and inconvenience when she was told by Santander it was incorrect in May 2020. I've listened to call recordings in which Miss T told Santander about her personal circumstances at the time. However, because I don't think Miss T would have likely done anything different even if she had been provided with the correct information by Santander in May 2019, I think the £250 its already paid Miss T is fair and reasonable in the circumstances. And so it follows that I don't think it needs to do anything further.

My final decision

I do not uphold Miss T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 20 July 2022.

Sonia Ahmed
Ombudsman