

## The complaint

Miss R complains that a default was unfairly put on her credit file by Santander UK Plc (Santander). She says Santander withdrew its offer of an arrangement to pay off her current account's overdraft debt in an affordable way due to an unnotified policy change.

## What happened

I have previously issued a provisional decision regarding this complaint. The following represents excerpts from my provisional decision, outlining the background to this complaint and my provisional findings and forms part of this final decision:

### *What happened*

*The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute, so I'll focus on giving the reasons for my decision.*

### *What I've provisionally 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.*

*Miss R says that Santander offered her a way to pay off her overdraft debt at a repayment level which was affordable to her over a 24-month period. She says Santander asked her to fill out an affordability assessment and get back in touch before the default notice period expired. Miss R says she did this only to find Santander had withdrawn the offer due to a policy change of which she received no notification. Her account then went into default and this had some serious implications for her including preventing her accessing the home right to buy scheme.*

*Santander says that it made a policy decision to withdraw its offer and it says it had the right to do so. Santander says that it then tried to find an arrangement within its new policy guidelines, but Miss R was unable to agree a way forward, so the account went into default. I've listened to three calls Miss R made to Santander in the relevant period, and I've reviewed the default notification letter she received, as shown below in time order.*

### *Call 1 – 14 January 2022*

*In my view Santander does explain to Miss R in this call that her account would go into default within months if an arrangement wasn't made to repay her debt. It is also clear to me that Miss R explained that she didn't want to go into default as she had a possible opportunity to buy a property. She explained that her circumstances were changing, and she expected to be able to enter an arrangement acceptable to the business in a few months' time. The parties agreed some monthly payments while Miss R considered her options.*

### *The default notice letter – 8 June 2022*

*In my view this letter is a standard notification to Miss R that her account would go into*

*default if she didn't enter an acceptable repayment arrangement within 28 days. I can't see that Santander did anything wrong in sending this.*

*Call 2 – 14 June 2022*

*Miss R re-iterated how important it was for her not to go into default on the account, and asked Santander for help.*

*Santander asked what the main reason for going into debt had been and Miss R explained she'd had to take six months off work to care for someone with Covid.*

*Santander put the call on hold for about 10 minutes, and then said that a manager had authorised Miss R paying the debt back in 24 months rather than the usual 15 months. The monthly amounts are discussed, and Miss R says she can manage the new lower proposed payments. She is asked to fill out an affordability assessment and return it. She is reminded of the default notice letter period with, in my view, a clear implication that the only time limit for the arrangement was that set by the default notice letter she'd received.*

*In my view this was a helpful negotiation between the parties, both trying to meet the others' needs and a clear offer under the existing policies was made to Miss R.*

*Call 3 – 8 July 2022*

*Miss R had contacted Santander on 1 July to set up the 24-month repayment only to be told it had been withdrawn due to a policy change. According to Santander's notes, on 1 July Miss R had shown she had a monthly surplus of £76 and so was able to enter into the 24-month repayment plan. But Santander said that it would no longer honour the offer it made to her. Miss R complained to Santander, and this call 3 was the complaint handler responding after investigation.*

*Santander tells Miss R it has changed its policy and the original offer is not available. It does not suggest that she was in any way notified about this in advance.*

*Miss R is transferred to speak to the financial support team to discuss whether she can pay off the debt in 17 months within the new policy. Santander has lost its recording of that part of the call but both parties agree no arrangement was made that Miss R could afford, so Santander put the account into default.*

*My conclusions*

*Santander has been clear that it did change its policy about offering overdraft repayment arrangements after 14 June 2022 and this was to Miss R's detriment. It has not said or offered any evidence that it gave Miss R any prior notification about it or set her a deadline to respond to the offer it made other than that mentioned in the default notice letter.*

*I acknowledge that the business is entitled to change its policies at any time with appropriate notice. The terms and conditions of the account under section 15.4 show that usually Santander should give two months' notice of any change that might affect the customer and I would consider that to be good practice.*

*But in this case, no such notice was given.*

*So, in my view this was unfair in the circumstances. So, my provisional decision would be that I am minded to uphold Miss R's complaint.*

## **Redress**

*I am minded to require Santander UK Plc to put Miss R back in the position she would have been in before it failed to provide adequate notice of its policy change.*

*It must remove the default notice from Miss R's credit record with immediate effect and give Miss R a further 28 days from the date she receives this decision to enter into an arrangement to repay her debt within 24 months.*

*If Miss R fails to enter into such an arrangement, Santander may re-enter the default onto her credit file after 28 days has passed.*

## **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 response to my provisional decision, Miss R agreed with the outcome. Santander repeated its view that the 24-month arrangement was only discussed as a potential solution and not set on call 2 above. Santander said that by the time Miss R called back the 24-month arrangement had been withdrawn for all customers. Santander said it had no other arguments or evidence.

I was already aware when I wrote the provisional decision of the views expressed by Santander in their response. So, my conclusions remain as in my provisional decision.

## **Putting things right**

Santander UK Plc must put things right in the way described in the 'Redress' section of my provisional decision as shown above.

## **My final decision**

My final decision is that I uphold Miss R's complaint and require Santander UK Plc to provide redress as described by the 'Putting things right' section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 22 March 2023.



Richard Hill  
**Ombudsman**