

The complaint

Mr G complains that Santander UK Plc unfairly recorded a default on his credit file.

What happened

Mr G says he was unwell and advised to write to his creditors to request they write off his debts. He says he asked Santander to write off his account balance which it agreed to do. Mr G says he was told a default would not be registered on his credit file but later found out it had been. He also says he was told the account would close but it didn't for some time. Mr G would like the default removed and compensation.

Santander says Mr G asked it on 26 September 2022 to write off his account balance. It says it then called Mr G on 28 September 2022 and told him it would no longer ask Mr G to repay the debt. Santander says it explained during that call that the account would default, and that information would be reported on Mr G's credit file. It says it repeated that information in letters to Mr G but accepts it didn't close the account immediately. Santander has paid £150 compensation for the delay and apologised.

Mr G brought his complaint to us, and our investigator didn't uphold it. The investigator thought Santander clearly explained it would not ask Mr G to repay the debt but would register a default. The investigator thought it likely the account would default in any event as Mr G had limited income and thought the £150 compensation appropriate for that part of the complaint.

Mr G doesn't accept that view and says he could have agreed a repayment plan or borrowed money to avoid the default. He says he was told there would not be a default registered.

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 have listened carefully to the two main telephone calls on 26 and 28 September 2022. I appreciate there are other calls, but these are the crucial calls in which Mr G asked that his debt be written off and the default was discussed. I'm satisfied Mr G told Santander he had no income and that Santander on 28 September 2022 told him that it would no longer ask Mr G to repay the debt to which he expressed his "relief". I'm also satisfied that Santander on more than one occasion explained to Mr G that the account would default, and the debt had not been written off but was not being pursued. And at one point Mr G said the "default would go on my credit file". So, I don't think there can be any doubt Santander told Mr G the account would default and that he must have known that as he repeated what he had been told.

It follows that I don't think Santander acted unfairly or made a mistake by registering the default on Mr G's credit file. And am satisfied that Santander went on to confirm what it said

it would do in writing. I appreciate Mr G says he was told a default would not be registered on his credit file, but I'm satisfied that information was not given to him on those two relevant telephone calls in September 2022. And I can't see what relevance any other calls have, as the decision to register a default was taken and agreed to by Mr G in those calls. I would have expected Mr G to have chosen not to have agreed to Santander's proposal if he was concerned about a default being registered on his credit file in circumstances where it explained what would happen in, what I think were, clear terms.

I appreciate Mr G says if Santander had been clearer with him then he could have repaid the debt by borrowing or by agreeing a repayment plan. I have made clear that I find Santander did explain in clear terms and more than once what would happen. But in any event, it difficult to see how Mr G could have avoided the account defaulting in time, as he was unable to repay the debt and had no income.

There is no dispute here that Santander ought to have closed the account far sooner than it did. I can see it has apologised for that delay and paid what I think is a fair and reasonable compensation amount of £150. I don't think that is the main part of this complaint and don't think Mr G suffered any financial loss by that delay or that it would have had such a significant impact to justify further compensation.

I also appreciate Mr G questions the date of the default. The Information Commissioner's Office suggests an account should default between three and six months of arrears. I can see the default was registered in November 2022 which I think is line with that guidance.

Overall, I'm satisfied Mr G was clearly told by Santander that it would not ask him to repay his debt but that it would register a default on his credit file. I can't in those circumstances ask Santander to remove the default as it as a regulatory duty to provide accurate information to the Credit Reference Agencies.

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 G to accept or reject my decision before 12 July 2023.

David Singh
Ombudsman