

## **The complaint**

Miss D complains that Santander UK Plc has unfairly recorded a default on her credit file.

## **What happened**

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

*Miss D had a student account with attached overdraft of £2,000. In December 2021 Santander wrote to Miss D after regular credits to her account stopped. A follow up letter was sent later in the month and on 17 January 2022 Santander wrote to say Miss D had 14 days to start regular repayments or banking facilities (including the overdraft) would be removed. As payments weren't made in that time frame, Santander went on to withdraw Miss D's overdraft facility.*

*On 30 January 2022 Miss D called Santander. At this time, Miss D's account was around £900 into an unarranged overdraft. Miss D asked a number of questions concerning the recently removed overdraft and asked what she could do to resolve the situation and get it back. Miss D asked how much she'd need to pay into the account each month and also asked about the status of her unarranged overdraft. The agent said there was no set payment Miss D needed to make and that if the account received regular credits she had the option of applying for another overdraft online. The agent also said there were no charges or interest for being in an unarranged overdraft.*

*Miss D made a payment of around £200 into the account but further regular payments weren't made. In April 2022 Santander wrote to Miss D and said she had 28 days to clear the outstanding balance or it would report a default to the credit reference agencies. Miss D's explained she was abroad at the time and didn't receive the letter until her return to the UK. But by that point, the deadline had passed.*

*Miss D went on to complain to Santander and said she'd discussed the account on 30 January 2022 but had only been told to keep the balance below £1,000. Santander issued a final response but didn't agree it had given incorrect information during the call and didn't uphold Miss D's complaint.*

*An investigator at this service looked at Miss D's complaint. They thought Santander had dealt with Miss D's complaint fairly and didn't ask it to do anything else. Miss D asked to appeal and said that when she spoke with Santander's agent she was told the account would convert to an Everyday Account in July 2022 and that she was only advised to keep the balance below £1,000. As Miss D asked to appeal, her complaint has been passed to me to make a 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.*

*I've taken the step of issuing a provisional decision as I've reached a different view to the investigator concerning how to fairly resolve Miss D's complaint. I haven't been persuaded that Santander treated Miss D fairly. I'll explain why.*

*I don't dispute that Miss D's account wasn't being managed in line with the account terms when Santander started contacting her and went on to remove banking facilities. The terms of the account required regular deposits to be received, but they stopped in the latter part of 2021. So I haven't been persuaded Santander acted unfairly by taking the decision to remove banking facilities, including Miss D's overdraft.*

*My concern relates to the way Miss D's call was handled on 30 January 2022. I appreciate Miss D's account had been fairly restricted and that she was in an unarranged overdraft. But I don't agree with Santander's final response when it says the agent answered all Miss D's questions. During the call, I heard Miss D ask various questions concerning the status of her overdraft, whether it could be reactivated by making regular payments, how much she needed to pay into the account each month and when the account would change from a graduate account. At one point, Miss D explained she was confused. Whilst Miss D may not have specifically used the words "How do I avoid my account being defaulted?" I'm satisfied she was trying to fix the problems that existed with the account when she called.*

*I found the agent to be inattentive and disengaged during the call. There were long periods of silence following reasonably basic questions from Miss D and what appeared to be sounds from the agent's home in the background. The agent didn't answer all Miss D's questions and only provided basic information about Miss D's account. For instance, Miss D repeatedly asked about how to get her banking facilities reinstated as well as when it would convert to an Everyday Account. The agent advised the account would change in July 2022, but by this point all banking facilities had been removed. In my view, the agent didn't make the actual account position clear to Miss D. When Miss D asked about whether interest or charges would be applied to balances under £1,000 the agent correctly confirmed there were none. But I'm surprised the agent didn't explain that Miss D would need to repay the balance in the near future due to the unarranged overdraft position. In short, I felt the agent missed several opportunities to ensure Miss D was fully aware of the status of her account and what she needed to do to stop it defaulting.*

*The situation was further complicated because Miss D was abroad when the default correspondence was sent by Santander. Miss D's provided evidence of her return to the UK and I'm satisfied that because she was abroad she missed the deadline to clear the balance. Whilst I understand this wasn't something Santander was aware of, I've factored it in when considering how to fairly resolve Miss D's complaint.*

*Following the default, Miss D's account was quickly passed to a debt collector who made contact with her. The balance was then repaid by Miss D in full.*

*In my view, Miss D makes a reasonable point when she says Santander's agent failed to provide reasonable and clear information and advice when she called on 30 January 2022. On balance, I'm satisfied Miss D would've made arrangements to clear her overdraft balance before Santander took the decision to apply a default if she'd been given clearer guidance and information when she called. In my view, the default doesn't accurately reflect what happened with Miss D's account and appears to have been unfairly recorded on her credit file. Based on the information I've seen so far, I intend to tell Santander to remove the default from Miss D's credit file and pay her £200 for the distress and inconvenience caused. In my view, the payment of £200 is a fair reflection of the level of trouble and upset caused to Miss D due to the way her call was handled and subsequent default of her account.*

I invited both parties to respond with any additional comments or information they wanted me to consider before I made my final decision. No new information was provided. Both parties responded to confirm they are willing to proceed in line with the provisional decision.

### **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 neither party has provided new information and both have confirmed they're willing to proceed, I see no reason to change the conclusions reached in my provisional decision. I still think Miss D's complaint should be upheld, for the same reasons.

### **My final decision**

My decision is that I uphold Miss D's complaint and direct Santander UK Plc to settle as follows:

- Remove the default from Miss D's credit file and record her account as settled
- Pay Miss D £200 for the distress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 18 July 2023.

Marco Manente  
**Ombudsman**