

The complaint

Mr G complains that Santander UK Plc (Santander) defaulted his credit card account.

What happened

Mr G had a credit card from Santander. It was being repaid monthly by direct debit. During 2020, his personal circumstances were such that his current account was blocked and the monthly payments stopped. He wasn't living at the address Santander had on file.

The credit card fell into arrears and several letters were sent by Santander about the arrears – dated February 2020, March 2020, April 2020, and September 2020. On 13 October 2020, they sent a Notice of Default to Mr G with the arrears at £365.80. Payment of the arrears was asked for within 14 days. The account was then defaulted. The balance in November 2022 (when Mr G complained to Santander) was £2,948.26.

Mr G complained. He said he hadn't been advised of the default by Santander when he called them about several matters. He hadn't been living at his address and so hadn't received the letters or Notice of Default. He said he wasn't aware his current account had been blocked and that the monthly payments weren't being made. He said the default was unfair and should be removed.

Santander said they'd followed their default processes correctly. The account had been in arrears for a long period of time and was then defaulted. In a second response in December 2022, Santander accepted that Mr G had been misinformed in a call at that time – when he had been told the balance on the account was zero and the default had been removed. They noted that Mr G's accounts had been frozen in January 2020 due to a court order. Mr G had not advised them that he had moved address. Santander declined Mr G's complaint.

Mr G brought his complaint to us. Our investigator issued three views. In the last one, he said Santander's default processes were followed correctly, but he agreed that Mr G had been misinformed in a call on 23 December 2022 – when he was told the balance was zero and the default removed. For that, he agreed with Santander that compensation of £150 should be paid. But the default should remain in place.

Santander agreed to pay £150 but Mr G didn't agree with this outcome. He asked that an ombudsman look at his complaint, and so it has come to me to make a final 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.

Due to Mr G's personal circumstances, he wasn't living at the address Santander had in their records. I can also see that his credit card account was paid off each month by direct debit – until January 2020, when Mr G's current account was frozen by order of the court. So – the

direct debit wasn't paid from that time.

Santander sent Mr G letters about the increasing arrears in February 2020, March 2020, April 2020, and September 2020. And then – a Notice of Default in October 2020 with the arrears at £365.80. The letter said this amount should be paid within 14 days, or a default would follow and legal action taken. The letters were sent to Mr G's home address. Mr G says he wasn't aware of them, nor was he told his account was in default when he spoke to Santander.

So – I have considered what happened here. As a principle, we expect firms (such as Santander) to send Notices of Default and arrears letters to the address they have in their records. We asked Santander whether Mr G advised them of his alternative address – and they said he hadn't. I listened to a call Mr G had with Santander in June 2022 and in that, he said he hadn't told Santander of his personal circumstances nor his change of address. So – I can't reasonably expect Santander to have changed Mr G's address in their records, nor correspond with him at any other address. And so – Santander followed the accepted process for sending such letters to the address they had on file. So here – they acted reasonably.

On the call in June 2022, I also noted that Mr G advised Santander that the block on his accounts had been lifted by order of the court – so it seems reasonable also to say that he must have been aware of the original order of the court to freeze his accounts, and that the direct debit would have been stopped.

I also noted (from Santander's records) that Mr G called them in March 2020, April 2020, and July 2020 – and advised them at that time of the block and the cancellation of the direct debit. So – it is reasonable for me to say that Mr G must have been aware of the cancellation of the direct debit, and the effect on his credit card payments.

I listened to the call which took place in December 2022. Mr G was clearly misadvised that his balance was zero and that the default had been lifted. We asked Santander more about this – and they believe he was so told because the account had been written off in Santander's systems when it was passed to a debt collection agency. Of itself, this doesn't persuade me to ask Santander to remove the default – it was a communications error, but that doesn't mean they didn't follow the correct process in defaulting Mr G's account – which is the crux of this complaint.

Mr G argues that he wasn't told about the default when he called Santander. I've listened to the two calls that are available - in June 2022, and it is the case that Mr G wasn't then advised about the default. But I don't think that suggests that Santander were wrong to default his account when they did so much earlier – in October 2020.

Mr G has also said his credit file showed the default was removed and reapplied in July 2023. We asked Santander more about that – and they confirmed they'd not advised any information to the credit reference agencies (CRAs) at or around that time. And therefore – it appears this must have been an issue with the CRAs – and something Mr G must take up with them.

Santander have agreed to pay compensation of £150 for the error made when they spoke to Mr G in December 2022. I've considered whether this is reasonable in the circumstances. Mr G argues that his mental health suffered because of the loss of expectation – he thought his issues had been sorted out, but then learnt that wasn't the case. I can appreciate what he says here.

But - I can see our investigator explained how we look at compensation claims. And I'm

satisfied that this was a single large mistake which caused some distress and inconvenience, and loss of expectation – and that the amount of £150 is appropriate for what happened.

My final decision

Santander has already made an offer to pay £150 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Santander UK Plc should pay £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 16 October 2023.

Martin Lord
Ombudsman