

The complaint

Mr R complains that Santander failed to inform him that a direct-debit payment towards his Santander credit card had failed the day prior to his payment due date. He says that had he been informed, he would have had made alternative arrangements to pay on time, which would have prevented a charge, and a negative marker being placed against his credit file.

What happened

Mr R holds a credit card account with Santander. In May 2023 his payment was made late. He subsequently received a charge and a late payment marker was recorded against his credit file.

Mr R says it was unfair of Santander to do this. He thinks they should have notified him by text message on the day the direct debit returned, giving him the opportunity to make his payment by the due date. He said that as soon as he realised the payment had returned (around a week after it was due), he paid well in excess of the amount owed. He thinks Santander were too fast to update negative information to the credit agencies.

Santander looked into Mr R's concerns, but said that it wasn't their responsibility to inform him that a direct debit had returned, this was for his bank to do; and that ultimately, it was Mr R's responsibility to ensure his payments were made on time. They said that in this instance, the payment was made a week late, and they had an obligation to report factual information the credit reference agencies. So, they didn't uphold Mr R's complaint.

Mr R referred the matter to our service, and an investigator considered his complaint. But he agreed with Santander that it was Mr R's responsibility to make sure his repayments were made on time. And he couldn't see that there had been any error on Santander's part in the payment not going through; or in them failing to notify him on the day that his direct debit had returned. He was also satisfied that Santander hadn't fallen foul of any of the overarching principles set in place by the FCA in relation to how firms treated customers; and he supported Santander's argument that they had a responsibility to report accurate information to credit reference agencies. So, he didn't conclude that Santander had done anything wrong in reporting the late payment, as ultimately, it was made late.

Mr R remained unhappy. So the case been passed to me, an ombudsman, 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.

The terms of Mr R's account state:

You must make at least the minimum monthly payment each month, to be received by us by the payment due date shown in your statement." In addition, it also states "You must make the minimum payment each month even if you do not receive a statement for any reason. In these cases you must contact us to find out the minimum payment due that month. If you do

not receive a statement, you will still have to pay any interest on the balance of your Account.” With regards to what’s reported to the CRA’s, it states “If you do not repay any debt in full or on time, they’ll record the outstanding debt and supply this information to others performing similar checks.”

It is not in dispute that Mr R’s payment was made late, all parties accept this. So what needs to be determined, is whether Santander fulfilled its obligations in respect of this, and if not, what needs to be done to put things right.

Mr R has told us that he set up the direct debit to be paid from his bank on the 15th, which was the day prior to the payment due date of the 16th, to allow a day spare for any issues. From the evidence provided, it seems that the payment for the direct debit was taken on the 15th of the month, as requested by Mr R, but the payment was returned for what seems to be a lack of funds.

Mr R said that he never received a letter from Santander to show that the payment was returned, and if he had, he would have rectified the issue by the due date. I have seen however, that Mr R’s credit card statement did show that a payment was made late, and that a letter was also sent shortly after the payment returned, explaining that fees would be applied as a result of a late monthly payment.

I appreciate Mr R would have liked to have been notified on the day the payment returned in order to allow him to make alternative payment arrangements. But ultimately, as the investigator has correctly pointed out, this is an issue Mr R needs to take up with his bank. It’s not Santander’s responsibility to inform Mr R on the day of any payment issues. Rather, it is Mr R’s responsibility, to ensure that the payment reaches Santander on time. And while Santander will notify Mr R of a missed payment, as it did in this case, this will be after the payment was due, as ultimately up until that point, the payment will not have been missed.

Mr R has also argued that he had set text alerts on the card to deal with any potential payment issues. And he says that he was told by Santander that if he missed a payment, he would be notified by text. While it’s true that Mr R does have text alerts in place, I’ve seen the list of what these alerts cover, and they do not include notification of late payments towards customer’s credit cards.

Having listened to some calls that took place after the payment was missed however, it does appear there was some conflicting information given in relation to this, where on what seems to be the eighth call Mr R made to Santander following the missed payment, he was told that he would receive such a notification.

I appreciate Mr R feels strongly about this, and feels that this should impact the outcome of his complaint. But it’s important to note that these calls took place after the payment had already been missed. So, any incorrect information provided at this point, while unfortunate, had no bearing on the actions Mr R took on the day the payment was due. So even if correct information had been provided, it would’ve made no difference in this case, as by this point, the payment was already late, and Santander’s obligation to report the payments as such had already taken effect.

Mr R has also said that Santander did not act in line with the FCA Consumer Duty standards. While it’s not evident that any of Santander’s actions failed to take into account the consumer duty standards set by the FCA, these standards apply to products and services from 31 July 2023, and do not apply to events that happened prior to that date. So, this isn’t something I need to consider in the context of Mr R’s complaint.

I've also seen no evidence to show that Santander failed to treat Mr R fairly. Mr R missed a payment due to what appears to be a lack of funds in his bank account. And as a result, the payment was made late. Santander has an obligation to report the payments as such, and did so in line with those obligations. I'm therefore satisfied that it was ok for Santander to charge a late payment fee, and for them to place a late marker on Mr R's credit file in relation to this. So, while I appreciate this may come as a disappointment to Mr R, for the reasons set out above, I won't be asking Santander to do anything further.

My final decision

My final decision is that I do not uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 16 February 2024.

Brad McIlquham
Ombudsman