

The complaint

Miss J complains about Santander UK Plc's decision to remove the overdraft facility from her Graduate Current Account.

What happened

In August 2012, Miss J opened a Student Current Account with Santander.

Near to the end of her studies, Miss J says she experienced some very worrying personal circumstances and needed to move back to her family home. She says she went to a branch of Santander and told them about her change of address and the reasons why her studies would take longer than planned. Miss J also says she started to use the overdraft facility connected to the account.

By October 2021, Miss J says her student funding had stopped and that her registration with her university was due to end. By this point, Santander had changed the status of Miss J's account to a Graduate Current Account.

Over the next few months, Santander sent Miss J regular emails to notify her that her overdraft facility was in arrears. Miss J says she didn't receive any emails and that she relied on family members for financial support in this period. So, she didn't use the account for her day to day living expenses.

Eventually, Santander took the decision to remove Miss J's overdraft facility and close her account. This meant adverse information was recorded with credit reference agencies and the balance from the overdraft was passed to a debt recovery agent. Santander say they sent a letter to Miss J, to tell her what they had done.

Miss J says she noticed she couldn't use her account, when she wasn't able to use her online banking application. She says she wasn't told by Santander that her account had closed, or was in danger of closing. So, Miss J complained to Santander to say they hadn't treated her fairly and that the overdraft was a fixed feature of her account. Miss J also said that any adverse information on her credit file would have an impact on her job role.

In their response to Miss J's complaint, Santander said they had tried to talk to Miss J about the arrears on her account, before taking action to close it. They also said they had written to Miss J, using the address they held and she hadn't made any contact with them to talk about the balance of her overdraft facility. Miss J didn't accept Santander's reply and referred her complaint to us.

One of our investigators looked into Miss J's case and found that Santander had treated her fairly. He said Miss J's account was in arrears in 2022 and that the overdraft facility wasn't guaranteed for any specific amount of time. The investigator also concluded that Santander had written to the address they had on record for Miss J, to warn her of the arrears and the consequences of not making payments to the account.

Miss J didn't agree. She reiterated that she had changed her address to that of her parents,

during a visit to a branch. Miss J also said the overdraft facility should have remained on the account until September 2022.

The investigator didn't change his conclusions, so Miss J's case has now been passed 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.

Firstly, I'd like Miss J to know that I acknowledge the very difficult personal circumstances she has told us about. And I hope things have improved for her since she raised her complaint with Santander.

I'm also very aware I've summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is at the heart of the matter here. Namely, did Santander treat Miss J fairly when they removed the overdraft facility for the account and closed it?

If there's something I've not mentioned, it doesn't mean I've ignored it. I've not commented on every individual detail. I've focussed on those that are central to me reaching what I think is the right outcome. This reflects the informal nature of our service as a free alternative to the courts.

The removal of the overdraft facility

Part of Miss J's complaint is that the overdraft facility should have remained on her account until at least October 2022. So, I've looked at the relevant terms and conditions of Miss J's Graduate Current Account, to see if Santander have treated her fairly.

Under "Use of your account," section C3.2 says:

"it must be used as your main current account and your salary must be paid into it. If you don't regularly pay your salary into this current account, we reserve the right to stop providing some (or all) of the services on your current account, for example, cancelling any Arrange Overdraft allowance on your current account or closing your current account."

I've also looked at the balance of Miss J's account from July 2021, to when the overdraft facility was removed in July 2022. I can see that the overdraft facility was used to its limit during this time and in some instances beyond the limit. I can also see that Miss J didn't pay any funds into the account, so it was in arrears for around a year. Indeed, Miss J has told us that her student funding had ended in 2021 and that she relied on other family members for financial support.

Taking everything into consideration, I think Santander were able to review the overdraft facility connected to Miss J's account after it wasn't used for a significant period of time. I don't think the terms of Miss J's account suggest the overdraft facility was a permanent arrangement. Instead, I think the terms say the overdraft may be cancelled should regular payments, like a salary, not be received.

Overall, I think Santander have treated Miss J fairly here, when they decided to cancel the overdraft facility and eventually close her account.

However, Miss J says Santander didn't tell her what they were planning to do. So, I've considered the correspondence sent to Miss J, to decide if Santander fairly notified her of their plans to close the account.

The arrears and account closure correspondence

Throughout our review of Miss J's complaint, we asked Santander for further information about the correspondence sent to her during 2021 and 2022. Santander didn't provide everything we asked them for and sometimes didn't respond at all. While this is disappointing and unhelpful, I think Santander have nonetheless provided enough information for us to see what was sent to Miss J.

I've considered Santander's records of their correspondence with Miss J. I can see Santander sent emails containing arrears information to Miss J in December 2021 and in January, February and March 2022. I've already found that Miss J's account was in arrears and unused during this time. So, it follows that Santander had reason to notify Miss J of the status of her account and what was needed to put things right.

Miss J has explained to us that she thinks she had use of her Santander online banking application until May 2022. This is around the time that Santander decided to start the process to close the account and remove the overdraft facility. So, on balance, I think Miss J was able to check her account and see any messages of importance.

It then follows that I think Miss J was made aware by Santander that the balance of her account needed to be repaid. I must also keep in mind that there is an onus on Miss J to keep up to date with her account and be aware of what is needed to keep it running.

We don't know what email address Santander sent the arrears notifications to. However, in view of my findings about Miss J's access to the online banking application, I think Santander treated Miss J fairly, by keeping her informed about the position of her account and the overdrawn balance.

Santander's records show that Miss J's contact details remained the same from 2019 onwards. I acknowledge where Miss J says she went to a branch of Santander to change her address details. While I do not doubt what Miss J has told us here, I cannot see that the address was changed, or that Miss J contacted Santander when she didn't receive any correspondence to her family home.

Additionally, I cannot see that Miss J tried to repay the balance of her account, when, in June 2022, she says she found out it was to close. I understand that Miss J may not have been in a position to repay the balance in one lump sum. Consequently, I think it was always likely Santander would have gone ahead with their decision to close the account, given the terms and conditions I've summarised.

Taking everything into consideration, the evidence doesn't persuade me that Santander made an error with Miss J's address. I also think Santander made Miss J aware of the arrears on her account, before access to the online banking application was removed and the account was closed.

Summary

In all the circumstances, I'm satisfied Santander were able to fairly apply the terms of Miss J's Graduate Current Account, when the balance of the overdraft facility remained in arrears for over a year. I acknowledge that Miss J wanted use of the overdraft facility and for the current account to remain open. But, given Miss J's previous usage of the account, I

don't think the terms allowed for this to happen.

On balance, I think Santander fairly advised Miss J about the arrears of her account and that it would close if those arrears went unpaid. So, I don't think Santander need to reverse their decision, or make changes to the information about Miss J's account that is held with credit reference agencies.

I'm aware that my findings will mean that Miss J is still required to repay the outstanding balance of the overdraft facility to Santander, or the recovery agent. In these circumstances, I remind Santander of their responsibility to treat Miss J's financial circumstances with due consideration and forbearance. This may mean looking at Miss J's income and expenditure details, to agree an affordable regular repayment amount.

My final decision

My final decision is that I don't uphold Miss J's complaint about Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 10 July 2024.

Sam Wedderburn
Ombudsman