

## **The complaint**

Mr M complains about interest and late payment fees applied to his credit card account by Santander UK Plc ("Santander") as well as adverse entries recorded on his credit file.

## **What happened**

Mr M held a current account and a credit card account with Santander. A Direct Debit was in place to collect payments from the current account to pay the credit card balance every month. In 2023, Santander decided to close the accounts. Mr M's current account was closed in June 2023 and Santander sent him a cheque for the credit balance. As the account was closed, no further Direct Debits were collected, and Mr M missed the subsequent credit card payments. Santander applied interest and late payment charges to the credit card account. It also reported the missed payments to the credit reference agencies.

Mr M was away at the time and didn't receive Santander's letters about the account closure or the cheque. He says he didn't know that the account had been closed or that the credit card wouldn't be paid. He raised a complaint at the time about the account closure (which has already been dealt with separately). He says he called Santander to discuss payments and obtain statements. But he says that it declined to provide these while the complaint was ongoing. Mr M says that Santander didn't call him until September, by which time interest and charges had been applied to his account and late payment markers had been recorded on his credit file.

Mr M paid off the credit card balance at that point. But he said that Santander should refund the interest and charges and remove the adverse entries from his credit file. He said they wouldn't have arisen if Santander had communicated with him about what was happening with his accounts.

But Santander said it had given Mr M notice that his accounts would be closed. So, it said he had time to make alternative arrangements to pay his credit card bills. It didn't think it had done anything wrong and didn't uphold the complaint.

Mr M remained unhappy about the situation and asked this service to look into it. He said the money from his current account had been withheld from him, which delayed his ability to pay off the credit card. He also said that Santander didn't tell him what his credit card balance was or how to pay it.

Our Investigator didn't think Santander had acted unfairly. But Mr M didn't agree and asked for the complaint to be reviewed by an Ombudsman.

## **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 closure of Mr M's accounts by Santander has already been considered by this service as a separate complaint so I'm not looking at that issue here. The issue for me to decide is

whether Santander acted fairly by applying interest and charges to Mr M's credit card account and reporting missed payments to the credit reference agencies.

The terms and conditions of Mr M's credit card account explain the way the account works and the obligations of both Mr M and Santander. By opening and continuing to use his account, Mr M agreed to be bound by these terms and conditions. They say that he must make at least the minimum payment each month. If he misses a minimum payment, Santander will apply a late payment fee. If Mr M doesn't pay his balance in full each month, Santander will apply interest to the account.

Mr M's current account was closed in early June 2023. So, the June payment for his credit card (which fell due later in the month) wasn't paid by Direct Debit. Mr M didn't pay it by any other method. So, the June payment was missed. Santander applied interest on the outstanding balance and a late payment fee. That's in line with the terms and conditions of the account.

But Mr M says he didn't know the account had been closed so didn't know the Direct Debit would fail. His lack of knowledge about the account closure was considered in the other complaint, but it was found that Santander hadn't done anything wrong in the way it communicated the account closure to him. It follows that it's not Santander's fault if Mr M didn't know the Direct Debit wouldn't be collected.

In any event, Mr M became aware his current account had closed around the time the June payment was due. He made a complaint about the account closure and Santander sent him its response by email in mid-June 2023. So I think he knew, or ought reasonably to have known, by then if not before, that the Direct Debit payments to his credit card account would no longer be made. I think he therefore knew also, or ought reasonably to have known, that he would need to make payments to the credit card account by another method.

Mr M says he didn't know what his credit card balance was or how to pay it. But Santander's email in June 2023 told him what the outstanding balance was and provided a telephone number for him to call to make payment. The complaint handler also sent Mr M his last three months' statements by email. The statements provide detailed information about how to make payments by various methods. So, I'm satisfied that Mr M knew in June 2023 what the outstanding balance was and how to pay it.

Mr M says that Santander's email said he could bring the complaint to this service if he didn't agree with its response. He said it didn't tell him that he should pay the outstanding balance even if he was going to pursue the complaint further. He doesn't think it's fair that Santander applied interest and charges while the original complaint was being investigated by this service. It's true that Santander's email didn't expressly state that Mr M should pay the balance even if he intended to pursue the complaint further. But I don't think it needed to say that. Santander made it clear that there was an outstanding balance on the account and said it would need to be cleared. I don't think there was any reason for Mr M to think the balance would be treated any differently from the way it would have been treated in the past under the terms and conditions of the account.

Mr M had held the account for several years and knew that the statement balance had to be cleared on time each month if he didn't want to incur interest. He knew that there was an outstanding balance in June 2023 due to purchases he had made. This balance was confirmed to him by Santander. Mr M didn't dispute the balance. But he didn't pay anything towards it. I don't think there was any reason for him to think that the usual terms and conditions of the account wouldn't apply. So, I think he should have known that interest and charges would be applied if he didn't make a payment. Santander didn't need to expressly

state this because it was the usual mode of operation of the account, which had been in place since the account was opened.

Mr M made payments in August and September 2023 which cleared the outstanding balance. He says he couldn't pay earlier because Santander withheld the funds from his current account. I don't think it did anything wrong by sending a cheque to the address which was recorded on Mr M's account. But, when responding to the initial complaint in June 2023, Santander arranged for the funds to be paid into an account which Mr M held with another bank. I think that was reasonable. And I don't think this prevented Mr M from making payments to the credit card until late August.

Mr M says he would have paid the balance in June if he'd known that interest and charges would accrue while he pursued the complaint. So, I think he could have made payments earlier and I don't think Santander is responsible for the delay in him making payments.

I'm satisfied that the interest and late payment fees which Santander applied to the account were in line with the terms and conditions. I think Santander acted fairly in applying them here. I also think it was reasonable for Santander to report missed payments on the account, as that is an accurate reflection of what happened.

### **My final decision**

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 3 July 2024.

Katy Kidd  
**Ombudsman**