

The complaint

Mr P complains Santander UK plc (Santander) acted unfairly when it defaulted his bank account.

What happened

Mr P says despite advising Santander of his personal circumstances, it went ahead and defaulted his bank account with them, because he fell behind with his agreed payment plan on his graduate account overdraft facility.

Mr P says Santander suggested in its final response letter to his complaint, that he hadn't a payment plan in place - which was untrue. Mr P says Santander were made aware he had suffered a bereavement of someone close to him and he wasn't living at his home address, but it still sent correspondence to that address including the notice of default.

Mr P wants Santander to remove the default from his credit file.

Santander says it accepts the final response letter (FRL) shouldn't have stated he hadn't a payment plan in place, but that doesn't alter the fact it had acted correctly when it defaulted Mr P in June 2023 – that said it agreed to pay him £50 for the incorrect details in the FRL.

Santander says it issued the relevant notices of default to Mr P and it acted correctly here as Mr P didn't keep to the agreed payment plan on the bank account. Santander says the debt has now been passed to a debt collection agency and Mr P should speak to them about any future payment proposals.

Mr P wasn't happy with Santander's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the main body of the complaint, but he felt Santander should pay Mr P £50 by way of apology, for saying in its FRL a payment plan wasn't in place when this was incorrect.

The investigator says there was no dispute Mr P had faced some personal issues and he was struggling to manage the overdraft and maintain the payment plan agreed. That said the investigator felt Santander had acted fairly when it defaulted Mr P's bank account when it did, as he hadn't kept to the agreed payment plan or kept in contact with Santander as agreed in March 2023.

The investigator felt while he understood Mr P was experiencing financial and emotional issues, Santander had provided support when it agreed some breathing space in March 2023 having already set up a payment plan of £105 per month.

The investigator says as this plan wasn't kept to by Mr P, nor was there any evidence he had kept Santander informed of his personal circumstances after March 2023, and before the default was registered in June 2023, he couldn't find Santander at fault here. The investigator didn't feel Santander should have offered to change any addresses for future correspondence as this wasn't requested by Mr P at any point.

Mr P didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for 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.

Having done so, I won't be upholding this complaint but like the investigator I do agree Santander should pay Mr P £50 for incorrectly stating there was no payment plan in place in its FRL and I will now explain how I have come to my decision.

I can see Mr P experienced some financial difficulties and this was not helped by the passing of someone close to him and this must have been a difficult time for him. When looking at this complaint I will consider if Santander acted unreasonably when it defaulted Mr P's bank account when it did in June 2023.

The first thing to say here is from the information I have seen Mr P's difficulties seem to date back to 2022, as Santander had sent previous letters about the overdraft on his graduate bank account and issued a notice of default in October 2022. It's worth adding here overdraft facilities are repayable on demand and Mr P had already breached the graduate account terms by not having his full salary paid into it.

Shortly after this a payment plan of £105 per month was agreed to avoid the default, however in March 2023 Mr P telephoned Santander to let them know of the bereavement and the fact his income was reduced due to taking unpaid leave.

I have listened to that phone call recording in March 2023 and Santander agreed some breathing space to take into account Mr P's circumstances, but it did make clear that he needed to keep them informed before the end of April 2023 of his circumstances at that stage, so it may consider any further support if needed. While Mr P may not agree, I can't see that during that call he ever suggested to have his address changed for future correspondence and I wouldn't expect Santander to volunteer to do that, even if he wasn't staying at his usual registered address - that would be something Mr P would need to have instigated.

It's also worth saying there isn't any evidence to suggest Mr P made attempts to contact Santander to discuss his circumstances as requested by Santander and as a result a notice of default was sent in May 2023, explaining the consequences including notice to the relevant credit reference agencies.

While I understand Mr P contacted Santander in late June 2023 to explain he was unable to make further payments, by that time Santander had already defaulted the overdraft account and placed the debt with a debt collection agency.

Taking everything into account, I can't say Santander haven't tried to provide support to Mr P. Here, over three months had passed since any payment was made into the account and while I can sympathise with Mr P's circumstances, I wouldn't expect banks like Santander to allow not having any payment plan in place for an indefinite period. With that in mind I can't say Santander have acted unfairly given it did provide support to Mr P by way of a payment plan, but this wasn't adhered to, and Mr P failed to keep them informed as it had asked. As I mentioned before Santander had written to Mr P regarding the default previously and issued the formal default notice in May 2023 as I would expect to see here.

While Mr P will be disappointed with my decision, I won't be asking anymore of Santander

other than paying Mr P £50 for incorrectly stating no payment plan was in place in its FRL, but that doesn't detract from the fact it had acted fairly when it defaulted his overdraft for the reasons I have already stated.

Putting things right

I instruct Santander UK plc to pay Mr P £50 by way of apology for incorrectly stating no payment plan was in place in its final response letter to him, when there was one.

My final decision

My final decision is that I do not uphold the main body of this complaint.

However, I instruct Santander UK plc to pay Mr P £50 by way of apology for incorrectly stating no payment plan was in place in its final response letter to him, when there was one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 10 June 2024.

Barry White
Ombudsman