

The complaint

Mr S complains that Santander UK Plc recorded missed payments on his account even though he was making the payments agreed under his repayment plan and that it hasn't provided the service and support it should have.

Mr S wants an apology for the events that have arisen and compensation for the time he has spent trying to resolve these. He also wants the missed payment markers removed from his credit file.

What happened

Mr S had a Santander account with an overdraft facility. The overdraft was removed from his account in February 2023, and he was asked to repay around £2,100 immediately which he couldn't afford to do. He says he wasn't given warning that the overdraft would be removed, and no support was offered to him. When he contacted Santander about this he was incorrectly failed on security.

Mr S made a payment arrangement with Santander. He says he has maintained the payments in line with the arrangement, but Santander marked missed payments on his credit file. He says Santander directed him to contact the credit reference agencies about this which he did and spent several weeks trying to resolve this but was then told that it was Santander that was refusing to change the information that had been recorded. Mr S called Santander to complain about the missed payment markers and was told these were correctly recorded which he says is factually incorrect.

Mr S wants his credit file amended to remove the missed payment markers. He also says that as no support was given to him regarding his overdraft, he should be refunded the overlimit charges applied since the overdraft changed and the arrears should be removed from his credit file. He also wants compensation for the time he has spent trying to resolve the issues and the impact this has had on him financially and mentally.

Santander issued a final response dated 26 September 2023. It explained that the reporting on Mr S's credit file related to the initial credit agreement and didn't relate to the payments Mr S was making under the payment arrangement. It said it was recording the payment arrangement to show this was in place to repay the money. It didn't uphold this part of Mr S's complaint and said that his credit file wouldn't be changed.

Santander did agree that it had made a mistake by referring Mr S to the credit reference agencies and that it incorrectly deemed him to have failed security when he made contact in February 2023. Because of this it paid him compensation of £125.

Mr S wasn't satisfied with Santander's response and referred his complaint to this service. He didn't accept that missed payments should be reported on his credit file.

Our investigator issued a view dated 18 December 2023. They noted the issues that Mr S had raised and checked these against the complaint raised and responded to by Santander. They explained we could only consider the issues that had been raised with Santander and

noted these as being the missed payments recorded on Mr S's credit file, Santander incorrectly referring Mr S to the credit reference agencies and it incorrectly failing him through the security checks in February 2023. Our investigator said that Mr S had said that Santander had not been reporting missed payments since July 2023, and as this happened before the final response was issued, they didn't think it was required to do anything further in regard to this. They noted the compensation Santander had paid for the other issues and thought this was reasonable.

Mr S wasn't satisfied with our investigator's response. He said he had raised a subject access request but not received the information and so wasn't able to provide this in support of his case. He said the lack of support he received and events leading up to the incorrect markers being applied to his account had relevance and needed to be considered. He said that the incorrect missed payment markers were still being recorded on his credit file.

Our investigator issued a second view upholding Mr S's complaint. They said missed payments had been reported as well as the account being in a special arrangement. Santander responded to this view saying that when an arrangement flag is in place it will let other lenders know the arrangement is in place, but it will still report the CAIS data which is the number of monthly cycles that the account is in excess. It said the maximum number is 6 before the account defaults but that Mr S's account wouldn't default as he is in an arrangement. Based on this our investigator issued a further view saying they didn't uphold this complaint as the reporting was in line with what was expected.

Mr S didn't accept our investigator's revised non-uphold view. He reiterated the issues he had raised. He agreed that his account would show the arrears but not that it should record missed payments as he had made his payments in line with the payment arrangement since this was set up.

My provisional conclusions

I issued a provisional decision on this complaint the content of which is set out below.

This decision relates to the complaints Mr S raised with Santander regarding the missed payment markers applied to his credit file and him being told to discuss this with the credit reference agencies. Also, that Santander incorrectly failed him on its security checks in February 2023. I note Mr S's comment about the events leading up to these issues, including the removal of his overdraft facility and the lack of support he received, and I have taken the wider context into consideration. But my decision only covers the issues that were raised in Mr S's complaint with Santander and which Santander has had the opportunity to investigate and respond to.

Mr S has explained that he went into financial difficulty around the end of 2022 and tried to contact Santander in February 2023, but he failed security. Santander has accepted that a mistake was made in this process, and it upheld Mr S's complaint in regard to this. It also accepted that it incorrectly referred Mr S to the credit reference agencies when he was trying to understand the data that had been recorded on his credit file. Both issues caused Mr S inconvenience. Mr S was unable to address the issue with his account when he made contact in February 2023 (although I note that action had already been taken at that point and he was then able to set up a repayment plan) and he spent time (he has noted spending around four weeks) contacting the credit reference agencies unnecessarily. Taking the upset and inconvenience into account I think the £125 compensation that Santander paid in response to these issues was reasonable.

The main part of Mr S's complaint is about the information being recorded on his credit file. Mr S's overdraft was removed, and he was required to repay the full outstanding balance.

He wasn't able to do this, and an arrangement was set up. The arrangement is being reported to the credit reference agencies and Mr S accepts this is correct. By having the arrangement reported this shows that Mr S is making payments towards his outstanding debt. The issue that has given rise to this part of Mr S's complaint is that missed payments are also noted on his credit file. Mr S doesn't accept this is correct as he has maintained the repayments under the arrangement since the arrangement was put in place.

I can understand why Mr S feels that missed payments are being recorded incorrectly. But in this case, I do not find that Santander is doing anything wrong. As it explained in its final response letter, the missed payment markers relate to the original credit agreement not the arrangement that has been put in place. As Mr S is in arrears and hasn't made the payments required under the original credit agreement for a number of months (over 6 cycles) this has been recorded on his credit file and I understand that it is this information that is showing as the missed payments.

I do not underestimate the upset Mr S has been caused by the experience he has had with Santander while trying to understand the credit reporting. But, in this case, I find the compensation that has been paid is fair for the mistakes that Santander made, and I do not require it to take any further action in resolution of this complaint.

Mr S said that there were additional points that weren't included in the provisional decision. He said that when he spoke to Santander to ask the circumstances of the removal of the overdraft be reviewed, it only focussed on part of the issue, not the entirety of the circumstances. He said whether Santander included this in its final response or not was up to it, but he had raised it as part of his original complaint.

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.

I understand that Mr S feels there are further issues that need to be addressed, but as I set out in my provisional decision this decision relates to the complaints Mr S raised with Santander regarding the missed payment markers applied to his credit file and him being told to discuss this with the credit reference agencies and that Santander incorrectly failed him on its security checks in February 2023. Having looked through the contact notes provided these were the issues raised ahead of the final response letter issued in September 2023. I understand that Mr S isn't happy with my provisional decision but as I haven't received any further information in response to it that changes my assessment of the issues, my conclusions haven't changed. And, so, for the reason set out in my provisional decision, I do not require Santander to do anything further in response to this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 14 June 2024.

Jane Archer
Ombudsman