

The complaint

Mr T complains that Santander UK Plc removed his overdraft, and loaded a default on his credit file. He'd like the default removed and compensation for the impact.

What happened

Mr T had a student account with Santander.

In March 2022 Mr T's overdraft was removed, with his account defaulting on 9 July 2022.

Mr T contacted Santander to complain, but they reviewed Mr T's complaint and thought they'd acted fairly by sending Mr T several letters to advise him of the need to make regular payments and a default notice.

Mr T didn't agree so complained to our service. He added that the default had prevented him from obtaining a mortgage and caused him anxiety.

One of our Investigators looked into Mr T's complaint. Santander provided evidence of letters they'd sent to Mr T prior to removing his overdraft and defaulting his account. Mr T explained that he'd received one text message from Santander about his account, but he didn't receive any letters. He explained that as a student he frequently moved addresses. He was also dealing with personal and academic pressures. He also noted that once he was properly contacted by the debt collection agency he paid the debt promptly.

On reviewing the evidence provided from both parties our Investigator thought that Santander acted fairly in informing Mr T that he needed to make regular payments, removing the overdraft and then loading a default.

Santander accepted our Investigator's view but Mr T didn't. In response he said his credit score was perfect prior to Santander's actions, he only had a debt of £115, only received one text message and questioned whether they have proof of sending the letters to his address.

Our Investigator considered what Mr T said, but didn't change their outcome. As Mr T didn't agree, the case has been passed to me 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.

I've considered Santander's actions in removing Mr T's overdraft from his account. The terms and conditions of the account say that Santander are entitled to remove services or close an account if the following term isn't met:

'must be used as your main or primary current account. Your main form of funding, for example your student loan, grants, parental contribution, and/or income from any employment, must be paid into it. If you don't regularly pay in your main form of funding, we

may discontinue some of the services offered on your account or close your account.'

I've reviewed Mr T's account activity between August 2021 and March 2022, when the overdraft was removed. Having done so I can't see that Mr T was making regular payments into his account. Prior to Mr T's overdraft being removed in March 2022 Mr T last paid into the account in September 2021.

I've seen a copy of letters Santander sent to Mr T in January and February 2022 notifying him of the need to make regular payments into his account otherwise his overdraft will be removed. Mr T argues that he didn't receive the letters but I'm satisfied they were sent to the address Santander had on file. I understand that it was a difficult time for Mr T due to the pressures he was under, and the pandemic, however Santander can't be held responsible for Mr T failing to notify them of his change in address.

Mr T's overdraft was removed in March 2022, and a text message sent soon after. Mr T confirms that he received this message – which notified him that he was outside of his overdraft limit. I can also see that he made two payments towards it – totalling £100 – which reduced the amount he owed to £115. This confirms to me that he was aware that he had an outstanding debt with Santander.

After receiving these two payments in March and April 2022 Santander didn't receive anything further, and on 3 June 2022 they issued Mr T with a default notice giving him 14 days to repay the full balance, just over £115. I'd also like to reassure Mr T that I've seen a copy of this default notice – and I'm satisfied it was sent to the address Santander had registered for him. Mr T didn't reply and a default was loaded against him in July 2022. I realise this will disappoint Mr T but I'm satisfied Santander acted fairly when notifying him about the removal of his overdraft, and the need to repay the overdraft in full to avoid a default in June 2022.

I've also seen a copy of the terms of Mr T's account which say:

'If you don't make repayments or fail to do so on request this can affect your credit rating which may make it more difficult or expensive for you to get credit from us or another lender in the future'.

For the reasons I've outlined above I'm satisfied Santander acted fairly in loading a default on Mr T's credit file.

It follows I won't be asking Santander to do anything further here.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 28 November 2024.

Jeff Burch
Ombudsman