

The complaint

Mrs K complains that Santander UK Plc unfairly reported a default on her credit file.

What happened

Mrs K and her husband, Mr H, hold a joint bank account with Santander. In early 2024, Mrs K started to receive letters from credit card companies saying that they were going to reduce her credit limit. Mrs K could not understand what was happening, as she had always paid her accounts on time. After checking her credit file, Mrs K discovered that Santander had reported a default in her name.

Mrs K says Santander didn't contact her ahead of reporting the default. She explains that Mr H has struggled with depression and had entered into a debt management plan (DMP). Mrs K says that the overdraft for the joint account with Santander was included within Mr H's DMP. Mrs K says she was not part of the DMP and that apart from their mortgage, the account with Santander was the only one held in joint names.

Mr H told Mrs K that a third party debt collection agency, which I will refer to as W, had contacted him but he had not mentioned this to her before. When Mrs K spoke to W, she says it confirmed that Santander had passed the joint account to it for collection at the end of December 2023. According to W's records, the account was only in Mr H's name.

Mrs K settled the outstanding balance in late January 2024. Mrs K says Santander told Mr H that it could not do anything. Mrs K wasn't sure if this was in relation to her or Mr H's credit score. Mrs K says that as Santander didn't supply W with her contact details, she wasn't given the chance to repay the overdraft before it applied the default.

After Mrs K complained to W, it said that Santander had told it that it was a joint account but had not provided her contact information so W could not add her to the account at the time.

Mrs K says that because of the default, she's not been able to switch to another 0% credit card, resulting in additional interest charges.

Our investigator didn't uphold Mrs K's complaint. He was satisfied that in June 2023, Santander sent a letter addressed to Mrs K and Mr H saying that it had accepted the DMP proposal. This letter explained that Santander would still have to send out a default notice but that as long as the agreed payments were received, they would not need to pay more.

Our investigator said that Santander then sent a default notice in November 2023 – again addressed to Mrs K and Mr H. Our investigator said that Santander was not obliged to call Mrs K before applying the default.

As our investigator didn't think Santander made a mistake, he didn't ask it to take any action in response to the complaint.

Mrs K disagreed with the investigation outcome. She said Santander claimed to have written to her on 2 January 2024 to say it intended passing the debt to W but she never received the

letter. And by that time, Santander had already passed the account to W.

Mrs K said Santander did not provide her details to W until mid-February 2024. This is why W didn't contact her about the debt. This meant she didn't get the chance to repay the overdraft before the default was applied. Mrs K pointed out that she repaid the debt as soon as she was made aware of it.

Mrs K said that Santander didn't make allowances for Mr H's mental health problems and failed to be supportive. Mrs K said that the default has caused him further stress.

Mrs K is adamant that she did not receive Santander's letters and suggests they either did not arrive or were opened without her knowledge by Mr H. Mrs K said that Santander called her husband by phone which shows that it could have called her about the outstanding debt. Mrs K said she shouldn't be held responsible for the fact that her husband didn't pass on information to her.

Mrs K said that when Mr H set up the DMP, he didn't want to include the account with Santander and did so only at Santander's insistence, on the understanding he was taking full responsibility for repaying the overdraft. All that Mrs K wants is for Santander to remove the default from her credit file. She says that Mr H accepts that he defaulted the account and has not asked for his credit file to be amended.

Our investigator issued a second view in which he still didn't think Santander had been unfair. Our investigator appreciated that Mrs K had not seen the default correspondence but he was satisfied that Santander had sent it.

Our investigator could not see that Mrs K or Mr H had previously raised the point they made about Santander forcing Mr H to include the overdraft in his DMP. As this was a new issue, our investigator said they would first have to raise it with Santander.

Mrs K said although she accepted what our investigator said about Santander sending letters and not calling her, she didn't think he had addressed Santander's failure to pass her contact details to W. Mrs K asked our investigator whether she now needed to raise this as a separate complaint with Santander together with Mr H's complaint that it insisted he include the joint account in his DMP.

Our investigator confirmed that Mrs K would need to raise the two new issues with Santander before coming back to us if she is unhappy with its response. In the meantime, Mrs K wants an ombudsman to make a final decision on her complaint about the default.

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 would first like to say that I am sorry to hear about the difficulties the default has caused Mrs K, particularly given the mental health struggles faced by Mr H. But when deciding this complaint, I need to consider whether Santander made a mistake in the way it handled the account. Having thought about it, I can't fairly find that Santander made a mistake when it applied the default so I am not asking it to amend Mrs K's credit file.

When a customer fails to repay lending such as an overdraft, the lender is entitled to register a default on their credit file after first giving proper warning. This can happen even if there is an agreement to accept reduced payments under a DMP.

Santander has given us evidence that when it accepted the DMP, it wrote to Mrs K and Mr H in June 2023 to explain that it would still default the account. Santander then sent a default notice in early November 2023, addressed to both Mrs K and Mr H using the same address they have given to our service. I appreciate Mrs K doesn't recall seeing this, but I am satisfied Santander sent it.

Santander's terms say that if, like Mrs K and Mr H, you have an account held in joint names both account holders are responsible for any money that they owe. I realise that Mr H thought everything was in hand as Santander had agreed to the DMP. But as Mr H and Mrs K were both responsible and didn't repay the outstanding overdraft, I consider Santander was entitled to default the account in December 2023, in line with the default notice. Santander is obliged to record accurate information with the credit reference agencies. As I don't find it made a mistake with the default, I can't fairly require it to remove the entry from Mrs K's credit file.

As Mrs K and her husband have not previously complained about Santander putting Mr H under pressure to include the overdraft within his DMP, they would first need to raise their concerns with Santander before coming back to us if they are unhappy with the outcome. The same goes for Mrs K's complaint that Santander initially failed to supply her contact details to W. I do not however think there is any dispute that Santander told W that the account was held jointly. Both Santander and W have already confirmed this.

Finally, it may be helpful to point out that when Santander passed the account to W, it had already applied the default. This is confirmed on Mrs K's credit file which says the default date was 12 December 2023. So, by the time that W contacted Mr H in January 2024 and Mrs K settled the outstanding balance, the account had been defaulted and already reported. So, I can't see that even if W had contacted Mrs K in late December 2023/early January 2024 about the outstanding balance that it would have prevented Santander from applying the default earlier in December 2023.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs K to accept or reject my decision before 28 November 2024.

Gemma Bowen
Ombudsman