

The complaint

Miss A complains that Santander UK Plc mismanaged and miscommunicated about her overdraft account. She said this caused an unfair default to be applied to her credit file.

What happened

Miss A held an account that included an overdraft facility for £2,000. She said she had repaid £1,000 by July 2024 and according to a letter from Santander in January 2025 she had until July 2025 to repay the balance of £927.20.

However, in March 2025 Miss A noticed her account had disappeared from her banking app and was told her account had gone into default and sent by Santander to a debt collection agency. Miss A said she had received no notice of this action and complained to Santander.

Santander said there was no error in its handling or communications about Miss A's account, and online statements would have shown her overdrawn balance. Santander said it made many attempts to reach Miss A without success. And the onus was on her to notify change to her personal details and to agree a payment arrangement for the overdrawn balance.

Santander said the overdraft was removed in November 2024 because Miss A had failed to meet the terms and conditions and funding requirements of the account. And it closed her account in March 2025 and referred it for debt recovery. Santander said it had suspended fees and interest on the balance to ensure any payment reduces the debt. And said its information to Miss A's credit file was a true reflection of her account management.

Santander said its communication to Miss A of 16 January 2025 was generic for those customers who were adhering to the terms and conditions of their accounts. Santander set out the terms and conditions of the account including that; *You should only use an overdraft to borrow money for a short period. Overdrafts are generally not suitable for long-term borrowing so you should pay off the amount you owe regularly*. And it's right to require repayment of an overdraft and referral of an unpaid debt to a debt recovery agency.

Miss A acknowledged she hadn't updated her address to Santander, but said she regularly visits her former address and saw no letters for her. She said she received no calls, only text messages about calls. Santander then forwarded its letters to Miss A's current address. Miss A wasn't satisfied with Santander's response and referred her complaint to our service.

Our investigator didn't recommend it be upheld. She said Santander sent letters to Miss A's home address and emails with clear information about her overdraft and the consequences of non-payment. She said these were addressed correctly as Santander wasn't aware of any change to Miss A's address and emails went to the same address she gave our service.

The investigator said Santander's records show it consistently attempted to contact Miss A to explain her repayment responsibilities. And account statements were available to Miss A via her online banking account. The investigator said the account became repayable in line with its terms and conditions, and the default was applied after reasonable steps to alert her. She said Santander had acted fairly and in accordance with its obligations.

Miss A disagreed with the investigator and requested an ombudsman review her complaint. Miss A said she didn't receive the default notices via email or post and the emails from December 2024 and January 2025 weren't received or didn't clearly communicate any default or repayment breach. She said no documentation sent to her included a legally required Default Notice addressed to her full legal name under the Consumer Credit Act.

Miss A said after she updated her address to Santander in March 2025, Santander wrote to her in May 2025 at her previous address, using her full name, which raised concerns. She set out previous letters and a statement where Santander had also used her full name.

Miss A reiterated that she had not received any phone calls or text messages regarding arrears, warnings or defaults and provided some phone records in support. She described Santander's emails as vague and non-informative and cited the regulations.

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.

Miss A would like the default removed from her credit file as she wasn't properly informed or given an opportunity to resolve her overdraft. And for her debt to be written off. I sympathise with Miss A for the problems she has faced in dealing with her account and overdraft.

I have looked carefully at Santander's actions and communications to see if it has followed the correct process in dealing with Miss A's debt and to see if it has treated her fairly. Having done so I think that it has, and I will explain my reasons.

Miss A took opened an account with an overdraft facility of £2,000. She repaid part of her overdraft leaving an unpaid debt of £927.20. As the account holder Miss A had a legal obligation to repay the outstanding balance and a requirement from the terms and conditions from the account to notify Santander of changes to her address and contact details.

Santander said that Miss A failed to meet the terms and conditions and funding requirements of the account as these state that an overdraft is for borrowing money for a short period. Santander had the right to require repayment of the overdraft from the terms and conditions of the account. In this situation, a bank's responsibility is to inform its customer of the indebtedness and offer assistance towards repayment where possible. It should also alert the customer to the consequences of non-payment.

I have seen copies of letters from Santander's Financial Support Team to Miss A. The first was on 14 September 2024 advising of the debt, requesting repayment or an arrangement to repay, and offering assistance. This was followed by 11 further letters to Miss A over the next four months. These included warnings about the removal of her overdraft, restriction of her account, warnings of debt collection referral and default notice to her credit file. Two further letters in January 2025 informed Miss A of the default notice, and a letter on 27 March 2025 notified her the debt had been referred to a debt collection agency. Miss A acknowledged that she had not updated her changed address to Santander and so the bank was not to know she was no longer living at the address it used. Miss A said she regularly visited her previous address but never saw any letters from Santander. She said her name as used by Santander is shared by multiple people in the household, which she described as a potential data protection breach. All of the letters to which I have referred were addressed to Miss A and do not appear to be in breach of her data protection.

Miss A said she was given to understand by Santander that she had until July 2025 to repay the debt. This is based on a general customer email sent by Santander in January 2025 and is one of the very few communications that Miss A received. I think this was a clumsy communication in Miss A's circumstances albeit it refers to the forthcoming change of her account to an everyday current account. There is nothing specific in the letter about Miss A's account indebtedness and I don't think it was difficult for Miss A to see that this did not impact her overdraft situation.

Notwithstanding that Santander's letters went to Miss A's old address, she was able to see her account position via online banking. I can see that a statement on this facility was issued in December 2024 and addressed with Miss A's full name. Santander's records show Miss A's correspondence set to 'web mail' at her request, but the Consumer Credit Act requires correspondence such as regulatory letters and default notices to be sent via the post. However, Santander sent Miss A three emails about the arrears in December 2024 and January 2025. I can see these were sent to the same email address that Miss A has provided to our service. Letters to her from its Financial Support Team were auto generated.

Santander told Miss A it would report the defaulted debt to her credit file. The terms and conditions of the account state Santander will give accurate details to credit reference agencies about any relevant account activity, including non-payment of an overdraft or a repayment arrangement where one has been agreed. In common with other credit providers Santander does this in order to provide an honest and accurate representation of how an account has been managed so that future decisions about customers credit-worthiness can be credit-scored accurately and responsibly.

I can see that Santander provided Miss A with full details of the situation to be resolved, and the next steps as required. Miss A said had she known of the situation she would have taken immediate steps to resolve the matter. However, her debt still stands at £927.20 and has done for over a year. And so, from March 2025 when Miss A says she became aware of the consequences of her non-payment of the debt, her account has remained in the same position. Santander said it is still seeking an agreed payment arrangement with Miss A via a budget planner. I think this would be the best way for the issue to be addressed.

Although I can understand Miss A's concern about the adverse impact on her credit score from a default notice, as this may affect her future credit applications. Santander was entitled to close her account and refer it for debt recovery. And Santander is entitled to continue efforts to recover the sum owed. I think it would have been fairly obvious to Miss A that not making any payment to her overdraft from September 2024 would lead to adverse credit notices and recovery action.

In conclusion, I think Santander took reasonable steps to keep Miss A updated throughout the process, including warnings of a default notice in 2024 and 2025. And I have not found that Santander has acted outside of the terms of the account agreement or unfairly in closing the account, referring the debt to a collection agency or applying the default notice to Miss A. Our service investigates the merits of complaints on an individual basis and that is what I've done here. I think it's important to explain that my decision is final. I realise that Miss A will be very disappointed by this outcome though I hope she appreciates the reasons why it had to be this way.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept

or reject my decision before 11 December 2025.

Andrew Fraser
Ombudsman