

## The complaint

Miss A complains about Santander UK Plc's handling of her current account, specifically in this case, the interest applied to her overdraft.

## What happened

Miss A has had a current account with Santander since 2016. It was initially a student account which meant that she benefitted from an interest free overdraft while she was a student. The account automatically became a graduate account and then later, an Everyday account. Once it became an Everyday account, Santander began to charge interest on the overdraft.

Miss A's account became an Everyday account in July 2022, which Miss A believes is a year earlier than it should have done - she felt it shouldn't have happened until July 2023. She complained to Santander about that (and some other issues) and, as it didn't uphold her complaint, she referred it to this service. One of our ombudsmen issued a final decision in which he found Santander had treated her fairly. But he noted that *"Miss A has raised a further point of complaint about the interest that Santander were charging on her account"* and suggested she could raise that with the bank if she wished.

Subsequently, Miss A complained to Santander about the interest. It looked into the complaint and issued a final response letter on 1 November 2024. It said it found no evidence of a mistake on its part, and interest and charges had been applied in line with the terms and conditions of her account. As the account had since defaulted, no interest or charges had been applied since August 2023. Santander didn't uphold Miss A's complaint.

Miss A was unhappy with Santander's response, so she referred her complaint to our service. One of our investigators looked into it and agreed with Santander that it had levied interest and charges in line with the terms and conditions of the account.

Miss A didn't accept our investigator's view of the complaint. She told us she doesn't have any more evidence, and has *"always been happy to pay the money, all I want is for them to remove the mark they put on my credit file. Is it possible to negotiate with them for a good will gesture?"*

Our investigator asked Santander if it was prepared to remove the default from Miss A's credit file, but it has refused to do so. As a result Miss A asked for her complaint to be considered by an ombudsman.

## 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 am sorry to disappoint Miss A, but there isn't a great deal I can add to the answer our investigator gave.

I acknowledge that she feels the account was switched to an Everyday account prematurely, but my colleague dealt with that point in the previous final decision she has received from us. He said, *"I don't feel Santander acted unfairly by migrating Miss A's account to a new Everyday Account in 2022"* and has given his reasons for that. He also said it wasn't unfair for Santander to have defaulted the account. For the sake of completeness, I agree with his decision.

I do appreciate that Miss A feels strongly that interest shouldn't have been applied to the account, but I don't agree with her. This is because I think Santander has fairly applied the terms and conditions of the account which means it was entitled to charge interest on her overdraft.

Santander is obliged to record accurate data with the credit reference agencies and there is no dispute that Miss A hasn't repaid the money she borrowed from it along with the interest charged. I say this because she has previously told us *"I am ready to pay today if the default is removed"*. I can't therefore say Santander must remove the default – as a goodwill gesture or otherwise - especially as we've already found it was applied fairly.

Miss A has said she is able to repay the balance, and I'd encourage her to do so. If she repays it, I'd expect Santander to mark the default on her credit file as satisfied which generally presents a better picture to anyone who has the need to search it.

### **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 Miss A to accept or reject my decision before 1 December 2025.

Richard Hale  
**Ombudsman**