

The complaint

Mr I complains that Santander UK Plc asked him to repay his overdraft without proper notice.

What happened

In 2015, Mr I took out a student account with Santander that came with a student overdraft.

He says that once he finished his studies, Santander asked him to pay back the overdraft in full. He said he told Santander that he should be able to bring the account gradually into credit, but Santander refused. He said it was difficult for him to repay the overdraft at this time as he was looking for a job after the completion of his studies, and he wasn't in a position to repay what he owed at the time.

He adds that Santander closed his account without notifying him and later sold the debt onto a debt purchaser who have since pursued him for repayment.

Mr I says that Santander's actions has made it more expensive for him to obtain credit. He also doesn't feel that Santander properly considered his financial circumstances at the time, and it showed a lack of empathy towards him.

An Investigator considered the information provided by both parties, but they didn't uphold Mr I's complaint. They felt that Santander had acted fairly and reasonably in applying the default.

Mr I didn't agree. In summary he said:

- He was making repayments to the account, and this shows his willingness to engage and repay the debt.
- It was unreasonable of Santander to have requested that Mr I repay the balance in full, otherwise the account would default. He adds that Santander didn't engage with the debt charity to avoid the default. And that he wasn't provided with a reasonable time frame to bring the account into credit.
- He wasn't given the time to find employment before the account defaulted.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

I previously issued a provisional decision on this case. It was my intention to come to the same outcome as the Investigator; however I explained my reasons for doing so in more detail. Because of this, I wanted to give both parties the chance to respond with anything else they wanted me to consider before I came to my final decision.

I have copied my provisional findings below, which also form part of this final decision.

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having considered all of the available evidence, I'm very sorry to disappoint Mr I, but I don't intend to uphold his complaint.

I can see that Mr I enlisted the support of a debt charity and set up a debt management plan (DMP). As part of the plan, he agreed to make monthly repayments of £5. Santander has provided me with a copy of a letter it sent to Mr I following the set up of the repayment plan. The letter is dated February 2020, and explains that, amongst other things, the account could still default. So, I think Mr I ought to have been aware that even though a repayment plan had been set up, the account could still default.

The letter also explained that the arranged overdraft had now been removed, which ultimately left the account in an unarranged overdraft position, meaning that the full amount was due to be paid. An overdraft facility is essentially a type of credit facility that is repayable on demand. So, Santander can ask for the full outstanding balance to be repaid at any point, and there isn't anything unfair or unreasonable about this.

I can also see that Santander sent Mr I letters in June 2020, one of these letters was a default notice, letting Mr I know that it required him to pay back the full outstanding balance within 14 days of the date of the notice. While I can understand why Mr I might feel that this isn't much time, the requirements for a default notice are set out in the Consumer Credit Act.

This states that a person should be provided with no less than 14 days' notice to remedy the breach in the notice (in this case the remedy was to repay the full balance). Because of this, I can't fairly conclude that Santander acted unfairly or unreasonably. Or that it didn't provide Mr I with proper notice before defaulting the account.

Because Mr I couldn't repay the balance in the time provided by Santander, it took the decision to default his account.

I can see that Mr I took steps to engage with Santander to repay the debt – he did this via the debt charity. While Mr I was clearly taking steps to repay what he owed, this wasn't enough to prevent the default. At the point the account defaulted, Mr I's account had been in an unarranged overdraft position for around four months. The ICO's guidance states that an account should default when it is between three to six months in arrears. So again, I can't find that Santander did anything wrong here either.

I note that Mr I feels that Santander didn't treat him fairly, given that it was aware he was in financial difficulty and still hadn't found a job. But neither of these things mean that it was unfair of Santander to default the account – and there was no requirement for Santander to take steps to prevent the account from defaulting. A default occurs when an account hasn't been managed in line with the terms and conditions – and given that the full balance was due, and hadn't been repaid, I think it was fair of Santander to have defaulted the account and report this to the credit reference agencies."

Santander responded to my provisional decision to say it had nothing further to add.

Mr I didn't respond by the deadline.

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.

Given that neither party has provided me with any further information to consider, I see no reason to depart from the findings made in my provisional decision. It follows that I don't uphold Mr I's complaint.

My final decision

For the reasons set out above, I don't uphold Mr I's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 29 December 2025.

Sophie Wilkinson
Ombudsman