

complaint

Mr A complains that Santander UK Plc has registered a default on his credit reference file.

He would like the bank to clear his credit record.

background

In August 2008 Mr A arranged to switch his current account to Alliance & Leicester Plc (now Santander). He says he then realised that the overdraft limit on the new account was lower than he needed, so he decided to stay with his old bank. Mr A says he tried to halt the switching process and having spoken to an Alliance & Leicester adviser on the phone he was told there was a credit balance of £4, so he asked her to close the account. Around that time he moved house. Believing the Alliance & Leicester account to be closed he says he didn't give the bank his new address. But the account had not been closed. A final cash withdrawal of £20 left it £16 overdrawn. And each month an underpayment charge of £5 was added to the debt, so that by the time he became aware of it, he owed more than £400.

The adjudicator didn't uphold the complaint. She said that having opened the account Mr A continued to use it until December 2008. So she concluded that he should have realised that the account was still open and told the bank his new address. She said the information on Mr A's credit file was accurate.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Where the evidence is incomplete, inconclusive or contradictory I reach my decision on the balance of probabilities – that is what I consider is most likely to have happened, given the evidence that is available and the wider circumstances.

The bank statements for the account show that between August and December 2008 Mr A was using the account on a regular basis, not just for direct debits which might have been transferred to the account as part of the switching process, but also for cash withdrawals. In October 2008 his salary was paid into the account. This activity is not consistent with Mr A quickly realising he had made a mistake and trying to arrange for the account to be closed.

Mr A does not say exactly when he phoned to ask the bank to close the account, nor does he say when he moved house. But I find that, given he knew the account was active throughout the autumn of 2008, he had a responsibility to give the bank his new address.

I accept the bank's evidence that it wrote to Mr A on a number of occasions, eventually sending him a default notice and closing the account before selling the debt to a debt collecting agency. Unfortunately as these letters were sent to Mr A's old address he didn't receive them.

It may be that having checked the balance on the account and finding that it had (at the time) only about £4 in it, Mr A, having by now arranged for his salary to be paid into his original account, simply forgot about it, assuming that there would be no difficulty in allowing the Alliance & Leicester account to lie dormant. If so, it seems he had not appreciated that his final withdrawal of £20 would leave the account overdrawn or that the monthly underpayment charges would continue to mount up. But this additional liability was within the terms and conditions of the account and not due to any error on the part of the bank.

I agree with the adjudicator that the entry on Mr A's credit file is an accurate record of his liability to the bank. He has made a part-payment of over £350 to the debt collecting agency and it remains open to him to settle the remaining balance. I appreciate that his credit status has been badly affected by this adverse report and that this must be a real cause of upset and frustration given that the debt arose from charges imposed by the bank rather than as a result of any spending that he has had the benefit of.

Mr A has asked the bank to issue a notice of correction. This is something that a consumer rather than a bank can do. So it would be possible for Mr A to write a brief explanation about how this debt arose and ask the credit agencies to add it to his file. This may go some way to helping him obtain credit in the future. But for the reasons set out above I cannot uphold the complaint.

my final decision

My final decision is that I do not uphold the complaint.

Melanie McDonald
ombudsman