

complaint

Mr L complains that Santander UK Plc has not treated him fairly in that it gave him incorrect information about how to deal with a debt on a joint account which he held with his ex-wife. This led to the account remaining outside its limits and a default being applied to Mr L's credit file. Mr L says the bank didn't tell him about the default and wouldn't allow him to freeze the account so he could arrange to repay the overdraft and close it. He would like the bank to remove the default and compensate him for the distress and inconvenience its errors have caused him.

background

Mr L held a joint account with his ex-wife. He became aware of arrears on the account and contacted the bank on 23 December 2013 to discuss how the account could be frozen and the arrears cleared without his wife accessing any credits. Mr L was not told by the bank representative how to do this, but was instead told to seek legal advice on what to do. The call did not end well, and Mr L did not contact the bank again until he learnt that a default had been recorded on his credit file after notice had been sent to his ex-wife.

Our adjudicator recommended that the complaint should be upheld. He considered that Mr L had been poorly advised during his call with the bank representative and that he should have been able to make arrangements to clear the arrears without his ex-wife being able to access the money – and that this should have been explained to him. Because he was not given this opportunity, he considered that Mr L reasonably left the matter there, and was unaware of the consequences because the notice of default had been sent to his ex-wife's address. He considered that Mr L should be given the opportunity to clear the arrears, should have overdraft fees refunded and have the default removed from his credit file.

Santander does not agree, saying Mr L had nearly a year to get back in touch with the bank after his phone call to discuss how he could clear the arrears but has not dealt with the debt. It therefore considers the default has been applied correctly and fairly.

my findings

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

Santander has acknowledged that the representative who spoke to Mr L in December 2014 did not handle the call well. It has offered to refund charges applied to the account in recognition of the poor service and incorrect information which Mr L received. But it says it does not consider it should have to remove the default listing because Mr L did not deal with the debt and so it is a correct reflection of how the account was handled. I do not agree.

I have listened to the call, and throughout his conversation with the bank representative, Mr L is at pains to reiterate his willingness to clear the debt. He makes it clear that he accepts responsibility for the debt but wants reassurance that any credit made towards it will be applied to the debt and will not be available to his ex-wife. This is a reasonable concern but was not properly addressed by the bank representative.

The representative could have told Mr L that the account would be put in dispute, meaning that any transfers or withdrawals would require the consent of both parties, and that this would ensure that credits were applied towards the debt and would not be available to his

ex-wife. Mr L even refers to this in the call, but is not told that it could be done. I consider that the failure to provide correct information strongly influenced Mr L's behaviour. Moreover, the poor manner of the bank representative towards the end of the call would have reinforced Mr L's perception that the bank was not interested in facilitating repayment of the debt with those assurances. I therefore consider that Santander did not treat Mr L reasonably when he contacted it.

In order to restore Mr L to the position he would have been in had these errors not occurred, I consider that Santander needs to give Mr L another opportunity to clear the arrears, and that this should be via a repayment arrangement if necessary. It should also remove the adverse information from Mr L's credit file. It is clear from the conversation that Mr L was ready to repay the debt on the account when he called the bank and that this would have prevented a default from being applied. It is the incorrect information and poor customer service which prevented Mr L from taking this action, so he should not remain penalised by adverse information on his credit file as a result.

The bank's errors have had serious consequences for Mr L, who is in the process of selling his house to clear the debt. I consider that the bank should bring the debt back within its control and then agree a sustainable repayment arrangement. I agree it should refund recent interest charges applied to the account and pay Mr L £100 for the distress and inconvenience its errors have caused.

my final decision

My final decision is that I uphold this complaint. In full and final settlement of it, I order Santander UK Plc to:

- Bring the debt back within its control and delay collections activity for three months while it agrees a mutually acceptable repayment arrangement with Mr L;
- Remove adverse information regarding this debt from Mr L's credit file;
- Refund the most recent three interest charges applied to the account;
- Pay Mr L £100 compensation for the distress and inconvenience this matter has caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 15 July 2016.

Catherine Wolthuizen
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