

complaint

Mrs C complains that Santander UK plc wrongly defaulted her credit card account. She's also unhappy that the bank hasn't replied to her enquiries about whether she had payment protection insurance (PPI) on her accounts with it.

background

Mrs C had a credit card with Santander. In November 2010, she entered into a debt arrangement scheme (DAS), and a repayment programme was approved. Mrs C says Santander knew this was happening and agreed to it, but it defaulted her anyway. She thinks this was wrong, and says she's been refused credit as a result.

Mrs C complained to Santander in July 2016, when she also asked it whether she'd had PPI on any of her accounts with it.

Santander said Mrs C had missed payments on her credit card account in 2010 and hadn't then paid enough to stop it from defaulting her. It said it had told her about this at the time, and it hadn't done anything wrong. It also said it had written off the debt in 2011. It later said it was sorry for not replying to all Mrs C's points and gave her a number to ring to ask about PPI.

Through her husband, Mrs C got in touch with us. One of our investigators looked into the matter. She thought Santander was entitled to default the account, as well as to continue to accept payments. She also said she couldn't fairly conclude that the default was the reason Mrs C hadn't been able to borrow money. She thought the DAS would also affect any applications Mrs C made for credit.

Mrs C didn't accept that conclusion. Her husband said the DAS was an amendment to her contract with the bank, and she'd paid on time every month since early 2011. So it couldn't be right to say she'd defaulted. He also said Santander still hadn't answered their question about PPI, and pointed out that it shouldn't have kept collecting payments for a debt that had been written off.

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's records satisfy me that it knew Mrs C was getting help with her finances in late 2010, and it knew in early 2011 that there was a delay in her payments starting under the debt repayment programme. But that doesn't mean it was wrong to default her. I don't think it was. That was a decision Santander was entitled to make, and Mrs C was some months in arrears when it defaulted the account.

I've noted what Mrs C's husband has said about the debt repayment programme being a new contract, and I agree that Santander was bound by the programme. That doesn't mean, though, that it couldn't default the account. Mrs C was still in arrears and the programme meant she would pay far less each month than she'd agreed to pay under the terms and conditions of the account; that's what I'd expect Santander to have looked at in deciding whether to issue a default, and I think that's what it did. Santander's records say that Mrs C queried the default notice in 2011, and it explained its approach to her then.

Santander has said it closed Mrs C's account in March 2011 and wrote off the debt. I think that was unhelpful, because it understandably led Mrs C to think she had been making payments needlessly for years. The bank has since told us that by "*written off*" it meant it would usually have sold the debt to a debt collector. It hasn't done that here because it's receiving payments under the debt repayment programme. I think that by saying "*written off*" it didn't mean Mrs C should stop paying. I'm satisfied that Santander's records reflect the debt is still outstanding and Mrs C's payments are reducing what she owes.

Mrs C hasn't given us a copy of her credit file, but I'd expect it to reflect that the debt is reducing. She can ask the credit reference agencies to add what's called a 'notice of correction' to her credit file if she wants to, explaining her situation. Lenders may take account of that if she applies for credit in future.

There was a delay in Santander's reply to Mrs C about some aspects of her complaint. The bank has said sorry, and I understand Mrs C now has details of who she can contact if she thinks she had PPI and wants to pursue a complaint about it.

While I think Santander should have dealt with some aspects of this whole matter better than it did, in all the circumstances I think its apology goes far enough. So, while I realise this isn't the answer Mrs C was hoping to receive, I make no order or award.

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 Mrs C to accept or reject my decision before 23 March 2017.

Janet Millington
ombudsman