

complaint

Miss A complains that in 2014 Ulster Bank Ltd reported a default to a credit reference agency in relation to her student account.

background

In 2010, Miss A opened a student account with Ulster Bank. She used the account until November 2012. The last credit to the account was in August 2012.

In September 2013, Ulster Bank wrote to Miss A about the account becoming dormant. It continued to send letters to the address it had for Miss A, including a default notice in November 2013 and a formal demand in December 2013. The bank transferred the account to recoveries in December 2013 and in January 2014, it passed the debt to a third party debt collector.

Miss A's credit file showed a default dated April 2014 in relation to the current account she had with Ulster Bank, which is now with another third party debt collector.

Miss A says that that the default should have been reported in 2012, when she stopped using the account and not two years later in 2014. She says that she phoned the bank in July 2014 to pay the outstanding debt but the bank said that she couldn't do so as it was passing the account to a third party. Miss A also complains that Ulster Bank didn't return her calls when it had promised to do so.

In response to Miss A's complaint, Ulster Bank agreed to backdate the default to 19 November 2012 - the date Miss A last used the account - and accepted what Miss A said about not receiving calls when promised. In fact, Ulster Bank didn't report the default in the first instance, so after Miss A referred her complaint to this service, Ulster Bank liaised with the third party debt collector and asked it to backdate the default. I understand that the default is now dated 19 November 2012.

Our investigator didn't ask Ulster Bank to do any more than it had already done. He said:

- Ulster Bank asked the third party debt collector to backdate the default.
- Ulster Bank hadn't reported anything about Miss A's account to credit reference agencies, so he didn't think its actions had affected Miss A's credit score.
- Ulster bank sent proper notification to the address it had for Miss A.
- Errors in the application for the account don't alter the outcome.
- Ulster bank apologised for not returning calls.

Miss A didn't agree with the investigator. She said, in summary:

- The date of the default is still not correct and Ulster Bank didn't agree to backdate it as a gesture of goodwill – it told her that the default date should be 2012.
- She called Ulster Bank the day after the dormancy letter in September 2013 and it should have told her that it had sent the letter.
- Errors in the application form show how Ulster processes information.
- She told Ulster Bank her new address on several occasion but it didn't update its systems.
- She didn't ask for compensation for the service she received – she said that as Ulster Bank got the default date incorrect it would need to put this right as her subsequent credit agreements are based on incorrect information.
- The investigator didn't review all the information she provided.
- Ulster Bank should be able to retrieve recordings of her calls.
- She tried to deal with the debt with the third party debt collector but Ulster Bank didn't help by not passing on her new address.
- It was the third party debt collector that chased Ulster Bank for information, not the other way around.
- Once the default date was changed, her credit score increased.
- It was Ulster Bank's fault that the default had the wrong date, which adversely affected her credit score.

As there was no agreement between the parties, the complaint was passed to me.

my findings

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

It's clear that Miss A has very strong feelings about this matter. She's provided detailed submissions to support her complaint, which I have read. However, I trust that she will not take as a discourtesy the fact that I focus on what I consider to be the central issues.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

I think that Ulster Bank did make errors here but I agree with the investigator that it's done enough to put matter rights. I'll explain why.

One of the terms and conditions of Miss A's student account was that she must use the account as her main current account and deposit regular credits such as parental contribution, salary, student loan or other funding. Miss A didn't use the account as her main account or make regular credits, so Ulster Bank was entitled to close the account. As Miss A was using the account's overdraft facility, Ulster Bank was also entitled to pursue Miss A for the debt.

I appreciate that Miss A says that she told Ulster Bank of her new address on several occasions. Ulster Bank's records don't support that. On balance, I don't think there's enough other evidence to support Miss A's recollection about this. So, I don't think that Ulster Bank was at fault in sending letters and notices to the address it had for Miss A.

I think that there's been confusion about the default. Ulster Bank didn't record a default in relation to Miss A's account and it didn't report a default to credit reference agencies. It's not clear to me why. I'd usually expect to see a default registered and reported after appropriate notice and as the account is passed to recoveries. That would be December 2013 here.

In response to Miss A's complaint, Ulster Bank agreed to backdate the default to 19 November 2012. That was the date Miss A last used the account but it isn't the correct date for registering a default. That date is to Miss A's advantage, as it means that the default will expire earlier.

When Ulster Bank promised to backdate the default date, it didn't appear to be aware that it couldn't do so. That was because it wasn't Ulster Bank who had reported the default to the credit reference agencies in the first instance, so it couldn't amend the date. It had to ask the third party debt collector to do so. I've seen evidence that Ulster Bank asked the third party to back date the default and continued to pursue the matter. I think Ulster Bank did what it could to get the default backdated.

Ulster Bank can't now provide recordings of Miss A's phone calls. I draw no adverse inference from that – sometimes the recordings simply aren't available. Miss A says that when she phoned Ulster Bank in September 2013 it should have told her that it had sent her a letter about her account. I'm afraid I don't agree. That call was about returned direct debits and charges. At that point, Ulster Bank didn't have any reason to believe that Miss A wasn't receiving its letters.

Miss A says that when she phoned Ulster Bank in July 2014 she wanted to repay the outstanding debt but the bank said that she couldn't do so as it was passing the account to a new third party debt collector. The notes the bank made at the time of that call don't support Miss A's recollection that she wanted to repay the debt. It's unfortunate that, at that time, Ulster Bank couldn't give Miss A details of the new third party debt collector as it was about to change. I note the difficulties Miss A had about her address around that time but it was for her to ensure that the bank had an up to date address.

In its final response to Miss A, Ulster Bank agreed that it hadn't returned her calls when it had promised to do so. It apologised for that and I think that was appropriate.

I'm sorry to disappoint Miss A but for the reasons I've set out above, I think that Ulster Bank has done enough to put matters right. I don't propose to direct it to do any more.

my final decision

My final decision is that I don't uphold Miss A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 10 January 2019.

Louise Povey
ombudsman