

complaint

Miss A complains that Santander UK plc demanded repayment for a debt on her business account that she did not know she had.

background

Miss A's business account had been dormant for some time with a small overdrawn amount. She then received a letter from Santander's collection department asking her to repay in excess of £2,000. Santander was not able to provide a satisfactory explanation for the increased debt amount.

The adjudicator did not recommend that this complaint should be upheld. He concluded that the debt had arisen because Santander had credited the business account whilst it investigated a missing cheque transaction. Several months later, on completion of the investigation, the bank on which the cheque was drawn refused the claim and Santander then debited the business account. However, Santander accepted that it provided incorrect information and it should have explained this to Miss A far earlier than it did. It has agreed not to charge interest on the debt whilst the complaint is ongoing and has offered to pay £100 for the inconvenience caused, which the adjudicator considered to be fair.

my findings

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

Sometime in January 2011 Miss A paid a cheque into her business account. In early February she contacted Santander as the cheque was not showing as credited to her account. Miss A explained that she needed the money and so Santander credited her account with the amount whilst it tried to trace the missing cheque.

I am satisfied that the cheque that Miss A paid into the account in January was a cheque drawn in Euros on a bank in Ireland and not a cheque drawn in sterling. She had provided the correct details of the missing cheque but Santander questioned these as the sort code did not relate to a bank in the UK. It did however credit the account with the missing amount, as if the cheque had been drawn in sterling, whilst it attempted to recover the money. I am persuaded that there was some confusion and both parties believed the cheque to be in sterling. However, a week later the account was credited with the proceeds of a Euro cheque. The amount credited was consistent with the amount of the missing cheque but in Euros.

In the circumstances, I conclude that the cheque was not missing, but there had been a delay in it being credited whilst Santander's international department converted it from Euros to sterling. Santander has not, therefore, made a mistake in removing the amount it had originally credited in February for a missing cheque. However, I do consider that it should have told Miss A that it was going to debit the account and why, rather than just pass the account to its collections department. But it is entitled to seek repayment of the money and I would urge Miss A to contact it to agree a mutually acceptable repayment plan.

Santander accepts that its level of customer service has not been satisfactory in this matter and it provided incorrect information. It has frozen the interest on the debt and I find that no interest should be charged on the disputed amount from the date it was removed from the

account. Santander should also give Miss A a further 28 days from the date of this decision to give her a chance to contact it, before taking any further action. It has also offered to pay £100 for the inconvenience caused but I am not convinced that is enough. Having regard to all the circumstances and the level of awards we make I find that £150 is fair.

my final decision

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

1. Pay (not credit) Miss A £150.
2. Cease taking any further action on the debt for 28 days from this decision.

Karen Wharton
ombudsman