

complaint

Mr and Mrs N complain that their current account was not closed as they expected and Santander allowed a further debt to develop and passed their account to collections.

background

Following a disagreement with Santander staff Mr N was told by a branch manager that his joint account would be closed. He says he received a letter confirming this and went to the branch within suggested timescales to withdraw the substantial balance. Santander says that the account was never closed and the letter from the branch manager was returned undelivered. Direct debits and standing orders continued to be applied to the account and interest accrued. The account was sent to collections and then a default notice issued and a default served. Mr and Mrs N were contacted by debt collection agency staff.

The adjudicator recommended that the complaint should be upheld in part. He was satisfied that the reason why Mr N withdrew funds from the account was as he thought it was being closed. But, he said that Mr and Mrs N had the benefits of the funds relating to the direct debits and standing orders and that they were responsible for the debt, excluding interest of £16.19. He noted that Mr and Mrs N had said the contracts involved with, for example, an insurance company had been cancelled and said that Mr and Mrs N should pursue a direct debit indemnity claim for these payments if they disputed them. He accepted that there had been a lack of clarity over Mr and Mrs N's address and that they were not initially aware of the position on their account. As a result he considered that the default and credit record entries should be removed. He said Mr and Mrs N should be paid £100 for distress caused by the collections activity.

Santander accepted the recommendation of compensation but did not agree that the default should be removed. It said that this default represented the true position on the account.

Mr and Mrs N said they still wanted to receive a credit paid into the account from a third party and were unhappy at the time taken for the complaint to be resolved.

my findings

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

I am persuaded that Mr and Mrs N did consider that their current account banking relationship with Santander had ended. In my view this was the reason Mr N withdrew almost all of the funds from the account. I note that there were card payments in course which took the balance nearly to zero. He also says he cut up his cards and I note Mr and Mrs N made no further transactions on their cards. I agree with the adjudicator that subsequent direct debit or standing order payments were for their benefit. Had they cancelled the related contracts then I consider it remains for Mr and Mrs N to pursue an indemnity claim.

This debt would not have arisen if the account had been closed. Whilst I consider that Mr and Mrs N are responsible for the debt, with the deduction of interest offered, I do not agree that this should be fairly represented as adverse information on their credit record. They have now been given an explanation of why the debt was created and for some time did not think that they were responsible for this. I consider all related adverse information on their credit record should be removed. I also agree that they should be paid £100 for the distress caused by the related collections and recovery activity.

my final decision

In light of the above I uphold this complaint in part. In full and final settlement of it I order Santander UK plc to:

- 1) Pay Mr and Mrs N £100;
- 2) Write off interest of £16.19; and
- 3) Remove all adverse credit record information relating to this debt including the default recorded.

Michael Crewe
ombudsman