

complaint

Mrs J is unhappy that Santander UK Plc has converted her 123 Graduate current account to an Everyday current account. Because of this she will now pay interest and charges on her overdraft. She can't afford this and doesn't believe Santander is acting in her best interests.

background

Mrs J opened an Everyday current account with Santander in 2005. In 2010 the account was converted to a 123 Student current account, and then changed again to a 123 Graduate current account in 2013. Both the Student and Graduate current accounts offer an interest-free and fee-free overdraft. The Everyday current account charges both interest and fees for using the overdraft.

In October 2016 Santander wrote to Mrs J to say that, in line with the terms and conditions of her Graduate account, it would shortly be changed into a standard current account.

Mrs J has an overdraft but unfortunately has recently lost her job and says that she cannot afford to pay interest and repay the overdraft at the moment. She feels that Santander hasn't communicated the reasons for the changes clearly with her and that it hasn't done enough to help her to address her financial difficulties.

my findings

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

Mrs J has been a customer of Santander for many years and has changed her account from time to time to reflect her personal situation as a student and then a working graduate. These accounts provide an interest-free overdraft with no fees when it's used.

I've reviewed the terms and conditions that apply to the Graduate account. There are clear rules around the availability of these accounts, including one that limits the Graduate account to a maximum of three years from the date full-time study ends. In Mrs J's case, it was available for three years from July 2013.

Santander wrote to Mrs J in October 2016 and gave two months notice of the intention to convert the Graduate account to an Everyday account. The account was changed in December 2016 which means that Mrs J has actually had the favourable terms for longer than Santander was required to provide them.

In these circumstances I think that Santander has acted fairly in the way it's communicated and managed the changes to Mrs J's account.

I'm sorry that Mrs J is experiencing financial difficulties following the loss of her job and I understand the worry that she feels about her overdraft increasing because interest is now being charged. That doesn't mean the only solution is for the bank to extend the Graduate account further.

The bank should though try to understand what Mrs J's difficulties are and act positively and sympathetically try to find a way to help her. I've reminded Santander of its obligations in this respect. In response, the bank's said it will contact Mrs J to discuss her current situation and

explore other ways that it might be able to help her until her financial situation improves. I think that's a fair way to address the issue.

my final decision

My decision is that while I don't think Santander UK Plc was wrong to convert the account, to resolve matters it should take the steps I've outlined here to deal with Mrs J's financial hardship.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 22 June 2017.

Richard France
ombudsman