

complaint

Mr C complains that Santander UK Plc unfairly recorded a default on his credit file without warning.

background

Mr C had an overdrawn current account with Santander. Santander says that, because of the length of time the overdraft debt had been outstanding, it closed the account and passed the debt to its collection process. It says that, after sending Mr C letters giving notice of what it intended to do, it recorded the default with credit reference agencies.

Mr C says that he did not receive any prior notification and had not appreciated what Santander intended to do – or how significantly the default would affect his finances. He says that, at the time, he understood that he had set up an acceptable repayment scheme with Santander for the debt.

Mr C's complaint to Santander was not resolved and so he brought the matter to this service, where an adjudicator investigated it. From the evidence, the adjudicator was satisfied that Santander had sent Mr C letters that explained what would happen about his debt.

The adjudicator also listened to recordings of calls between Mr C and Santander, which the adjudicator considered to support Santander's case that Mr C had been made aware of the effect of the default. Overall, the adjudicator did not recommend that the complaint should succeed.

Mr C did not agree and said, in summary:

- The adjudicator acknowledges that he may not have fully appreciated the implications of the default on his credit file – this is the main point of his complaint.
- He does not believe that things were clear; there was ambiguity, which is evident from the mention of 'satisfied' status. It is wrong for the adjudicator to conclude that Santander did not have to provide greater detail about the effect of the default.
- He would have been willing, and would have found the means, to settle the debt if he had understood what would happen. It is for Santander to make things clear to him, rather than for him to try to work out what Santander meant.
- The adjudicator has assumed that letters sent to him by Santander were all delivered. It may not have been Santander's fault if they were undelivered, but it was not his fault either.

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 has provided the standard letter text for communications that it says were sent to Mr C, together with systems information to demonstrate that these letters were dispatched. I am satisfied, from this evidence, that Santander sent the necessary letters to Mr C at the correct address, explaining the position on his account and also explaining the default.

Santander was entitled to rely on the letters which it had sent to Mr C – it did not also have to ensure that they had been delivered and read.

Because Mr C could not pay his debt in full, the account was in default. At the time, he seems to have been unable to offer repayments of more than £5 – which, though slowly reducing the debt, would not avert or cancel out the default.

If Mr C repays the debt in full, it will be marked as settled or satisfied – which Santander also explained to him. I do not accept that this information was ambiguous, or that it should have caused him any confusion.

I appreciate that Mr C says he did not realise, at the time, quite what the default would mean in terms of its potential effect on his financial life. But Santander told him about the default, and how long it would remain on his credit file. As the adjudicator has explained, Santander did not have to go into a greater level of detail about that.

Mr C has mentioned that he has made repayment proposals about the debt. That is something he will be able to discuss with Santander if he wishes, but it does not mean Santander is obliged to remove the default registration – which I am satisfied was accurate when it was registered.

In all the circumstances, I find that Santander did not treat Mr C unfairly in registering the default and being unwilling to remove it.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 17 March 2016.

Jane Hingston
ombudsman