

## **complaint**

Mr O complains that Santander UK Plc incorrectly recorded a default on his credit file.

## **background**

Santander closed Mr O's student account when it became dormant and asked him to repay the outstanding balance. In a phone call of 16 October 2014, the bank discussed possible repayment options and agreed an initial short term arrangement with him. He was to make monthly telephone repayments for 3 months and then ring Santander with a view to setting up a 20 month repayment arrangement.

Mr O made the October payment and phoned Santander as agreed in November to make that payment. The advisor offered to set up the 20 month arrangement during that call. But Mr O didn't have his income and expenditure details to hand, and the bank couldn't proceed without them. Santander agreed to hold the account for a week to allow Mr O time to find the required information and he agreed to ring back. But he didn't do so, and in December Santander sent him a default notice and then recorded a default on his credit file.

Mr O complained to Santander in November 2017 when he became aware of the default. He said he had set up an arrangement to pay, but the bank had refused his November payment. And he had not received the default notice as Santander had sent it to an incorrect address.

Santander replied setting out its understanding of events in 2014. It said that it had applied the default correctly as Mr O had made no further contact after his November 2014 phone call. And it had sent the default notice to the address it held for him on its records.

Mr O complained to us that Santander had incorrectly recorded the default on his credit file.

Having considered the bank's notes of the two phone calls in 2014, our investigator's view was that Santander had done nothing wrong. He said that Mr O had agreed to call the bank after the November call and not the other way around as Mr O had claimed. And so when Mr O didn't ring, the bank was entitled to begin default proceedings. Our investigator said he couldn't hold Santander responsible for Mr O not receiving the default notice as the bank had sent it to the address it held for him on its systems.

Mr O disagreed and our investigator sent a second view dealing with the additional points he had raised.

Mr O requested an ombudsman's decision saying, in summary, that as he had agreed a 3 month arrangement with Santander, which was broken by the bank when it refused to accept his November payment, the default was incorrectly recorded.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. This includes Santander's very detailed notes of Mr O's two telephone calls in 2014.

In the October call the advisor said the bank had written to Mr O about his closed account and outstanding overdraft, but he hadn't responded. Mr O said he had been at university and so hadn't received post sent to his home address. The advisor then discussed Mr O's

financial position and suggested he might wish to contact a debt charity as he had no income. There was also a discussion about the circumstances under which Mr O's debt would be registered on his credit file. Mr O was keen to avoid this outcome. After further discussion about Mr O's finances the advisor agreed a 3 month interim repayment arrangement. The advisor said that once that had ended Mr O should ring the bank when it would consider putting a 20 month arrangement in place. Mr O accepted this.

I am clear from Santander's notes of this call that Mr O was justified in believing that he had a 3 month repayment arrangement in place, and that other than making the required repayments, he need do no more until December 2014.

But when he rang in November to make his second payment the advisor offered to set up the 20 month follow on arrangement during that call. Mr O agreed to this and there was a discussion about a possible reduction in his repayments. The advisor said that Mr O would have to provide income and expenditure information to set up the 20 month arrangement. The notes suggest that Mr O wasn't happy to do this and just wanted to carry on paying what had already been agreed. But the advisor commented that his existing arrangement was only for 3 months and so he would eventually have to set something else up.

There followed a discussion about Mr O's income and expenditure during which he confirmed he had finished university and was now back living at home. The implications of the debt for Mr O's credit file were also discussed. Eventually the advisor agreed to hold Mr O's account for a week to allow him time to find the information the bank needed. The advisor confirmed that all charges had been suspended but that they might be added if Mr O didn't get back in touch. Mr O agreed to call back and was given a phone number.

Mr O's recall of this conversation is different in that he believes Santander said it would ring him, but I'm afraid that I consider him to be mistaken in this belief. The call notes very clearly state that the onus was on him to ring the bank, and that he agreed to do so. This would make sense as only he would know when he had collected all of the required income and expenditure information necessary for that call to take place.

But as Mr O made no further calls to Santander, or payments to his account, the bank was entitled to initiate default proceedings. It sent Mr O the required default notice, although he says he didn't receive it because it was sent to an old address. But I am satisfied that in sending the notice to the address it had on its records, Santander did all that it was required to do. Mr O had discussed where he was living during both of his phone calls, and in November said he was back at home. And I have seen nothing to suggest that he subsequently contacted Santander to change his address before it sent him the default notice.

So having considered all of the details of this complaint, I'm afraid I cannot reasonably find that Santander incorrectly recorded a default on Mr O's credit file.

### **my final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 19 March 2018.

June Brown  
**ombudsman**