

complaint

Miss F complains that Santander Cards UK Limited has wrongly issued a default notice and recorded adverse information on her account. She says she was not aware she owed the debt, but has now repaid it and would like the adverse information to be removed.

background

Miss F held a store card account previously administered by a different finance provider to Santander Cards. The store in question ceased trading, and Santander Cards took over the account. Miss F had been making payments by direct debit to the account until March 2010, when this instruction was cancelled. Miss F did not contact Santander Cards regarding the debt, and did not tell it of her change of address in October 2009. Santander Cards has shown it sent all correspondence to her former address, including the notice of default. It says the arrears and default were properly recorded on Miss F's credit file as she had not made regular payments and the default notice had been properly issued.

The adjudicator did not recommend that the complaint should be upheld. He considered that as Miss F had not been making the required payments towards the debt, it was reasonable for the business to issue a default. In his view, it was not Santander Cards' fault that Miss F did not receive this notice, as she had not told it of her correct address.

Miss F does not agree, saying she had been misinformed about the status of the debt and as she had repaid it once she became aware it was still owed, her credit file should not be affected.

my findings

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

Miss F says she contacted the retailer regarding her store card account, only to be told it had 'gone bust'. On the basis of this information, she considered she no longer owed the debt. However, the debt had been passed to Santander Cards and she was still liable for it. Because Miss F did not realise this had happened, she says she did not know to contact Santander Cards to tell them of her correct address.

I do sympathise with Miss F, and I appreciate that she repaid the debt once she became aware it was still owed. I agree it would have been helpful for her to have received clearer information about the status of the account following the demise of the retailer. But I do not consider it was Santander Cards' fault that the account fell into arrears and was then defaulted. The business has provided evidence to show that it tried to trace Miss F before it passed the account to a collections agency, which was able to locate her.

Lenders are expected to ensure that a borrower's credit file is an accurate reflection of their account status. Here, the account had fallen into arrears and a default notice had been issued. It was therefore reasonable for Santander Cards to report this information to the credit reference agencies and for it to be recorded on Miss F's file. That Miss F was not aware of the default notice is not Santander Cards' fault.

my final decision

For the reasons set out above, my decision is that I do not uphold this complaint.

Catherine Wolthuizen
ombudsman