

### **complaint**

Mr R complains about Santander UK Plc ("Santander") in relation to charges it applied to an account which Mr R thought was dormant. These charges have impacted upon Mr R's credit file. Mr R wants Santander to reimburse the charges and remove the defaults from his credit file.

### **background**

I set out the background to this complaint, and my provisional findings, in a provisional decision issued in August 2017. A copy of that decision is attached to this.

In that provisional decision, I explained why I thought the complaint should not be upheld.

Both parties have been sent my provisional decision and given the opportunity to make further comments. Neither party has sent in further comments.

### **my findings**

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

In the absence of further arguments from the parties, I am satisfied that the provisional decision ought to stand. I incorporate the reasoning from it into this final decision.

### **my final decision**

For the reasons given in my provisional decision, I do not uphold this complaint:

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 18 December 2017.

Laura Garvin-Smith  
**ombudsman**

## **copy of provisional decision**

### **complaint**

Mr R complains about Santander UK Plc (“Santander”) in relation to charges it applied to an account which Mr R thought was dormant. These charges have impacted upon Mr R’s credit file. Mr R wants Santander to reimburse the charges and remove the defaults from his credit file.

### **background**

Mr R had an active current account with Santander. In early 2012 he opened another current account with a different bank and began using that account for his day-to-day transactions.

Mr R left a credit balance in his Santander account.

In March 2013, Mr R gave a direct debit instruction using his Santander account for a subscription service. This direct debit was taken regularly between September 2013 and September 2015, using up the residual balance in the account.

The last time Mr R accessed his online banking for the Santander account was September 2013.

In July 2016, the direct debit was requested and was paid by Santander, even though there were insufficient funds in the account. This took the account overdrawn by a small amount.

Santander did not apply any charges to Mr R’s account for using an unauthorised overdraft at this stage.

In September 2016, the direct debit was again requested. This time, Santander refused the payment and applied a charge for a returned payment.

The direct debit was repeatedly requested between September and December 2016 and was returned on each occasion. Santander began applying charges to Mr R for the returned payments and the unauthorised overdraft on the account.

In December 2016, Santander’s recoveries team contacted Mr R about this increasing debt. In response, Mr R cancelled the direct debit in late December 2016. The fees relating to November and December 2016 were subsequently deducted from the account, in early 2017.

Mr R lodged a complaint with Santander, and cleared the debt on his account.

Santander sent a final response in late January 2017, setting out that it did not uphold Mr R’s complaint. Mr R was not happy with that response and contacted us.

Mr R has subsequently learned that the returned payments were detailed in his credit report and this, he said, has affected an application he made for credit in March 2017.

One of our investigators has looked at this matter and has set out his view to the parties. He thought that it should have become apparent to Santander that the account was not being used, and so charges applied after a particular point should be reimbursed. The investigator did not consider that any action should be taken about the credit score since the information reported was all accurate.

Santander did not accept that view and requested that the case be referred to an ombudsman for a decision.

### **my provisional findings**

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

Firstly, I appreciate that the rapid accumulation of fees will have been a shock to Mr R and that this will have caused him some distress. I also appreciate that any impact upon his credit score and his loan application will have been surprising and potentially upsetting.

I have considered the account terms and conditions. These clearly set out the charges which may be made in the case of a returned payment, and the charges for an unauthorised overdraft, up to a monthly maximum. After September 2016, Santander has applied the charges in line with these terms.

I accept that Mr R had, to all intents and purposes, stopped using his Santander account in January 2012, but there is evidence that he continued to access the online account until September 2013.

This last access was after the direct debit instruction was given, using the account, and he would have seen at the time of that access that he was leaving a credit balance in the account. I therefore do not consider there is evidence that Mr R thought the account was closed at this time.

Although he did not access the online account again over the period, his direct debit was regularly paid from the account balance, up until September 2016, even though the funds in the account had been exhausted. Santander has said that after each occasion when the direct debit was returned it wrote to Mr R, setting out the amount that had been requested and the company requesting it. These letters also said that he may be charged for making unauthorised payments.

Santander says that monthly statements were also sent, but these were electronic, as Mr R had previously received his statements in this way.

Mr R acknowledges receiving some of the returned payment letters, including in November and December 2016. He has also said that he assumed the account was in credit.

Despite receiving these letters, Mr R did not take any action to cancel the direct debit until late December 2016.

Whilst I appreciate that the charges built up quickly and are high, relative to the amount of the direct debit that was being requested, it is the responsibility of the customer to ensure that they have adequate funds in the account to make any requested payments. It is not unreasonable of Santander to return the requested payments when there were insufficient funds in the account.

Santander acted reasonably in sending letters to Mr R explaining that the payments had been returned. Once the bank had done this it was then up to Mr R to either cancel the direct debit promptly, or to bring the account into sufficient credit to enable the payments to be made. It appears he did not do this promptly and this allowed the requesting company to make a large number of further requests for payment, until he was directly contacted by the recoveries team, at which point he took the necessary steps to stop further fees.

I do not think Santander was obliged to take any additional steps to contact Mr R, and think that writing to him when direct debits were returned was sufficient.

I understand that the returned payments have had an effect on Mr R's credit score, and that this outcome may be disproportionate to the amounts involved, however I agree with the investigator's view that the business has not done anything wrong in relation to credit reporting. This reporting is used to reflect the way an account has been managed and the information Santander provided was accurate.

As a result, whilst I recognise this will be disappointing to Mr R, I do not think there is evidence of the business acting unreasonably and do not think it would be fair to require the business to reimburse the charges it properly applied.

**my provisional decision**

As set out above, my provisional decision is not to uphold Mr R's complaint.

Laura Garvin-Smith  
**ombudsman**