

## **complaint**

Ms K complains that Santander UK Plc registered a default for a very small amount on, and later closed, her account. She feels this is disproportionate and may affect her getting a mortgage (or other credit facilities) in the future. Ms K wants Santander to remove the default from her credit record and re-open her account.

## **background**

Ms K went abroad for several months but did not tell Santander she was doing so. Shortly after she left the country a regular card payment was debited to her account – but there was not enough money in it, so the account went overdrawn by a very small amount. The overdrawn balance increased over the coming months as fees and charges were added.

Santander wrote to Ms K about the money owed and, as she did not respond, it issued a default notice. The matter was passed to a debt collector. Ms K's account was later closed.

When Ms K realised what had happened she contacted Santander. The bank agreed to refund the fees and charges as a gesture of goodwill. But it was not willing to remove the default from her credit record.

Santander recognised that Ms K had spent a lot of time trying to sort the matter out so paid her a further £230 – again as a gesture of goodwill – in recognition of the costs she incurred and the inconvenience she suffered. Following further contact with Ms K the bank increased its total offer of compensation to £355. Ms K was not happy with Santander's response to her complaint so referred the matter to us.

Our adjudicator investigated Ms K's complaint but did not think Santander had done anything wrong in registering the default – it properly reflected the activity on her account. The bank had accepted it had not dealt with Ms K's complaint as well as it might have done but the adjudicator thought the refund of charges and fees and the compensation offered was fair. The adjudicator said she was unable to tell Santander to re-open Ms K's account.

Ms K did not agree with the adjudicator's view so the matter has been referred to an ombudsman for a final decision. She feels Santander has not taken account of her long-standing relationship with the bank and it has acted unfairly in registering the default and not re-opening her account.

## **my findings**

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

I am in no doubt about Ms K's strength of feelings on this matter. She has made this very clear in the, often lengthy, telephone conversations she has had with both Santander and this service. Ms K is particularly concerned that her ability to get a mortgage (or other credit facilities) might be affected by her credit record.

I can also understand that it must seem quite drastic for a bank to register a default with a credit reference agency when the amount owed was very small. But that does not mean Santander was wrong to do so in this case.

After all, Ms K had gone abroad for many months – for perfectly understandable reasons – without telling the bank she was doing so. Santander would not know she was not getting any of its letters – they were sent to Ms K's address – and would simply see a lack of response. So I am satisfied the bank did not act wrongly in this regard.

It is important not to forget that Ms K's account was overdrawn because a payment went through without sufficient funds to cover it. Account holders are normally responsible for monitoring their accounts. I have no reason to think Ms K did not do this beforehand and the timing of the payment in question is, perhaps, unfortunate. But that is not Santander's fault.

Santander has refunded the charges and fees arising from Ms K's account going overdrawn. It did not need to do this and I consider this gesture of goodwill as quite generous. The bank does not dispute it could have dealt with Ms K's concerns better but, again, I consider its offer of £355 to be very fair.

Ms K's credit record should show the default was for a very small amount. I cannot say to what extent any future prospective lender would take that into account in making a decision whether to give Ms K credit. That would – rightly – be a matter for them to decide. But Ms K could ask any of the credit reference agencies to put an explanatory note (which Ms K would have to provide) on her record.

As a long-standing customer, I can understand why Ms K is upset that Santander has closed her account. But, in light of the circumstances leading to its decision to do so, I am not persuaded the bank acted unreasonably. And I note Santander has said Ms K is free to apply for a new account with the bank which will – again rightly – be assessed in accordance with its normal account opening criteria.

None of the above is to suggest I do not recognise how strongly Ms K feels about this matter – far from it. But I do not believe Santander has acted wrongly in registering a default on her credit record. She can take action to ensure her side of the story is available for future prospective lenders to see. That should mean they can take fully informed decisions whether to provide her with credit.

I recognise that Ms K is likely to be disappointed with this but I do not believe I can fairly direct Santander to take any further action to address any of Ms K's concerns. She may wish to pursue these through other routes but my decision brings to an end what this service can do for Ms K.

### **my final decision**

For the reasons I have given, my final decision is that I do not uphold Ms K's complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Ms K to accept or reject my decision before 22 December 2014.

Andrew Davies  
**ombudsman**