

complaint

Miss T complains about the information Santander UK Plc (trading as Cahoot) has recorded on her credit file in relation to a current account debt she repaid some years ago.

background

Miss T says she experienced financial difficulties when she and her partner split up. She was on maternity leave at that time and struggled to make ends meet. She had an overdraft on her current account and says the bank agreed to suspend interest and charges provided she adhered to an agreed monthly repayment plan. She did so for some time and cleared the debt in full in December 2009 with two lump sum payments.

Miss T is now concerned that, despite adhering to the agreed repayment plan, late payment markers were added to her credit file every month until the debt was fully repaid. This has affected her ability to get credit with other lenders and will do so for six years from the date the debt was repaid.

The bank refused to amend Miss T's credit file. It said Miss T had not entered a *formal* repayment plan and she did not have an authorised overdraft after September 2007. Accordingly, it was appropriate to record late payments on the credit file.

I issued a provisional decision last month in which I explained why I was minded to uphold Miss T's complaint. I concluded that:

- It was clear Miss T had, at one time, an agreed overdraft of £2,000. The bank was keen for this to be reduced but was happy for this to occur gradually. No formal request for full repayment had been issued and the account was never actually defaulted. Having said that, it was clear some discussion must have taken place around September 2007 about reducing the debt. Otherwise I could not see why the bank blocked Miss T's debit card around that time, suspended all charges and interest and Miss T started making regular monthly repayments.
- It may well be – as the bank suggests – that no *formal* arrangement to pay was agreed. But some sort of agreement was reached and I could not see why the bank would have removed the £2,000 agreed overdraft all in one go while Miss T was adhering to her part of the agreement. Certainly nothing in the bank's notes suggest it told Miss T that the overdraft facility was being completed removed.
- Had Miss T not adhered to the agreement to reduce the debt then further action would likely have been taken by the bank. For example, it could have sent formal demands for repayment and defaulted the account. But no such steps were taken and this indicated to me that the bank was happy with the way matters were proceeding.
- Overall, on balance, I was not persuaded that the overdraft was fully removed in 2007 and so I did not consider it appropriate for either an arrangement to pay or late payment markers to be recorded on Miss T's credit file.

Both Miss T and Santander UK plc accepted my findings and made no further submissions.

my findings

Neither party has submitted any further evidence or arguments for me to consider, so I see no reason to depart from the conclusions set out in my provisional decision.

my final decision

My final decision is that Santander UK Plc should remove all adverse information from Miss T's credit file and pay her £100 compensation.

Ruth Lewis
ombudsman