

## **complaint**

Miss S complains that Santander UK Plc delayed applying a default to her credit file. Had it been applied sooner, six years would now have passed and the default would've been removed from her credit file. She would like the default removed from her credit file.

Miss S also complains that her credit file doesn't correctly show that she paid off her debt. She would like this corrected.

## **background**

Miss S held an account with Santander with an agreed overdraft of £2,000. She fell into financial difficulties and, some time in 2012, she contacted a debt charity to help her with her finances.

Santander's records show that the debt charity contacted them on 31 January 2013 to offer a payment plan for Miss S to pay off her overdraft. At this point, Santander froze all fees and charges on Miss S's account.

Miss S started paying off her debt as set up by the debt charity.

On 27 June 2013, Santander wrote to Miss S giving her 28 days to pay off the overdraft. They said that, if she didn't, they would record a default on her credit file.

Miss S didn't pay off the overdraft fully but continued to make the payments set up by the debt charity. So, in August 2013, Santander closed her account and recorded a default on her credit file.

Miss S fully paid off her debt in September 2014.

She was unhappy that a default was still showing on her credit file and she thought that it didn't show that she had paid off the debt. Santander responded by saying that they had applied the default correctly and that the credit file did show that she had paid off the debt.

Miss S wasn't happy with this outcome so she came to us.

Our investigator found that Santander should've written to Miss S telling her that she had six months to pay off the debt. She also thought that they shouldn't have applied the default as they had entered into a payment arrangement through the debt charity. She felt that there should've been more communication from Santander before they decided to apply the default. Her opinion was that Santander should backdate the default to the point when the debt charity had first contacted them.

This outcome wasn't accepted so the complaint has now come to me.

## **my findings**

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

I have considered our investigator's opinion and I agree that the default should be backdated to when the debt charity contacted Santander. I will explain why.

Santander explain that they didn't accept the debt charity's repayment plan formally. If they had done this, they wouldn't have applied a default to Miss S's credit account if she kept to the agreement. As Miss S appears to have kept to the agreement until she paid off the debt, I can see that Santander didn't formally accept the payment plan.

So, as Santander didn't formally accept the payment plan, I can see no reason why they delayed sending the default letter and applying the default to Miss S's credit file. They had decided not to formally accept the plan so any delay in applying the default was unnecessary.

From Santander's records, it appears that the debt charity contacted them with a payment plan offer on 31 January 2013. Had the default letter been sent then, that would've given Miss S 28 days to pay. If we allow one day for the letter to be posted, the 28 days would've been up on 1 March 2013. I see no reason why the default couldn't have been registered then. Giving Santander a week to register the default takes us to 8 March 2013. I think that this is when the default should've been registered.

I believe that it is fair and reasonable for Santander to back date the default to 8 March 2013.

With regards to Miss S's credit file accurately reflecting that she has paid off the debt, I think that it does. I have seen a copy of the credit file and it does show that she cleared the debt. This was recorded in October 2014.

### **my final decision**

I think that Santander UK Plc unnecessarily delayed registering a default on Miss S's credit file. I require them to back date the default to 8 March 2013.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 19 April 2019.

Rita Parmar  
**ombudsman**