

complaint

Miss A complains that Santander UK Plc unfairly applied a default to her current account.

background

Miss A opened a student account with Santander in 2013 which was later changed to a graduate account. Miss A had an overdraft facility on the account.

Santander says it placed Miss A's account with its collections department in December 2017 because she wasn't using it in line with the terms and conditions. Santander's account terms say customers should use their account to have their main source of income paid into but Miss A wasn't paying money into her account. Santander wrote to Miss A about the situation.

Miss A's explained that because a family member was sick she spent several months away from her home so didn't receive Santander's letters. When she returned in May 2018 Miss A contacted Santander and says it agreed to put collections activity on hold for 30 days.

Santander went on to default Miss A's account at the end of June 2018. The default was recorded with the credit reference agencies.

Miss A referred her complaint to this service and an adjudicator looked at what had happened. They said Miss A hadn't met the account terms so Santander had acted reasonably by taking steps to close and default the account. They also said Santander hadn't made a mistake by writing to Miss A at her home address. The adjudicator didn't uphold Miss A's complaint and she's asked to appeal. Miss A's complaint's been passed to me to make a decision.

my findings

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

There's some confusion over whether Miss A had a student or graduate account. Miss A says it was a student account but Santander's provided evidence that shows the student account was switched to a graduate account in 2016, after it had been open around three years. I'm satisfied from what I've seen that this was a graduate account.

However, both accounts have a requirement within the terms and conditions that a certain level of income has to be paid into them. The student account terms say at least £500 must be paid in each academic term. And the graduate account terms say the account should be used for the customer's income to be paid.

I've looked at Miss A's account movements for several months prior to Santander's decision to transfer it to collections and I can't see she met those terms. I have seen that in some months Miss A was paying in around £20 but I'm not persuaded that was her main income. Given the length of time Miss A's account use hadn't been in line with the terms I think Santander acted reasonably by deciding to close it.

Miss A's explained she wasn't staying at her registered address for an extended period because she was looking after a sick family member. As a result, she didn't receive any of Santander's letters until May 2018 when she returned. But as Santander wasn't aware of

Miss A's temporary move I'm unable to agree it acted unfairly by writing to her home address.

Miss A contacted Santander on 5 May 2018 and asked for some breathing space. Santander put a hold on the account for 30 days and asked Miss A to contact it again to discuss her options. During this period Santander wrote to Miss A twice and asked her to make contact to discuss the financial difficulties she was experiencing. But Miss A didn't go on to contact Santander again during the 30 day breathing space or in the following month. As a result, Santander took steps to default the account at the end of June 2018.

I'm sorry to disappoint Miss A but I haven't seen any evidence that Santander treated her unfairly. Regardless of whether it was a student or graduate account the terms hadn't been met. And whilst I appreciate Miss A didn't receive letters because she was staying elsewhere, Santander wasn't aware of that. From what I've seen I think Santander was willing to discuss options with Miss A when she called in May 2018 but because no further contact was received I'm satisfied its decision to apply a default was fair. As I haven't found any evidence of an error by Santander I'm not telling it to take any further action to resolve this complaint.

my final decision

My decision is that I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 13 April 2019.

Marco Manente
ombudsman