

complaint

Mrs M complains that Santander UK Plc has not treated her fairly, in that it referred her debt to a third party and registered a default on her credit file. She says she has been making payments towards the debt, but that Santander unreasonably continued to apply charges to the account and pursue debt collections activity. She would like Santander to cease debt collections activity, to remove the default listing from her credit file and to pay compensation for the distress it has caused her.

background

Mrs M had entered into a repayment arrangement with Santander. This came to an end, and Santander began applying charges to the account again. Mrs M complained, and in May 2013, the bank wrote to apologise for poor customer service, and refunded £227 in charges and paid Mrs M £150 compensation. It also invited Mrs M to contact its collections and recoveries department to agree another repayment arrangement for the outstanding debt.

In the same month, Mrs M also received a default notice for the debt, which reiterated the bank's invitation to her to contact it to discuss another repayment arrangement. Mrs M considers this to be contradictory to the earlier letter. She did not contact the bank to provide details of her income and expenditure but continued to make payments of £20 per month towards the debt. Santander has said this was not part of any agreement.

Santander registered the default, and referred the debt to a third party collections agency, which contacted Mrs M to arrange repayment of the debt. Mrs M does not consider these actions to have been fair or reasonable, as she was still making the monthly £20 payments.

The adjudicator did not recommend that the complaint should be upheld. She considered that as Mrs M had not agreed a repayment arrangement, and had not been making her contractual repayments towards the debt, the bank was able to register a default and refer the debt to a third party collections agency. Mrs M does not agree, saying the bank gave her conflicting information and that the default should be removed.

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 appreciate that Mrs M has been making monthly payments of £20 towards her account. On this basis, she feels that Santander should not apply charges, and should not have registered a default or referred the debt to a third party collections agency. However, she has not been able to show that Santander agreed to this level of payments as being an acceptable repayment arrangement. For its part, Santander has confirmed that this amount is too low to be acceptable to it, and that no arrangement had been agreed with Mrs M.

Because of this, Santander was able to issue a default notice, and then register a default on Mrs M's credit file. Where an account is in arrears for a sustained period, a bank is able to take these steps. As Santander operated in line with the account terms and conditions, I do not consider that it acted unreasonably.

Mrs M has also complained that the bank issued conflicting information. I have looked at the letter sent by Santander in May 2013, and the notice of default which was issued in the same month. I do not agree that they are conflicting. The letter asks Mrs M to contact the bank to discuss repayment of the outstanding debt. The notice of default also asks her to contact the bank to discuss how she will repay the debt – indicating a default will be registered if the arrears on the account are not repaid.

Even where a repayment arrangement is in place, a bank can register a default on the account where arrears have built up over a sustained period. This is why I do not consider that the notice of default contradicted the earlier letter from Santander. In any case, I have not seen any evidence that Mrs M would have been able to avoid a default on the account. She did not contact the bank to discuss how she would repay the arrears, and it does not appear that she was able to make higher repayments than £20 per month.

In May 2013, Santander did acknowledge that previous communications could have been clearer, and refunded charges applied to the account and paid Mrs M compensation for distress and inconvenience. Because I consider that its subsequent actions were fair and reasonable, I do not consider it needs to take any further action in relation to this complaint.

my final decision

My final decision is that I do not uphold this complaint.

Catherine Wolthuizen
ombudsman