

## **complaint**

Miss L complains that Santander UK plc mis-sold her a student account which has resulted in a default being registered on her credit file.

## **background**

Miss L applied for a student account with Santander in July 2012. She says she wasn't told the account had to receive regular credits into it. When Santander did not receive the requisite credits, it wrote to Miss L to warn her the overdraft facility would be removed. In July 2013, Santander moved Miss L's account to its recoveries department and sent her several letters to try to agree a repayment plan. Miss L called Santander in late October 2013 and offered to repay £20 per week. Santander asked her to complete an Income and Expenditure review and put the account on hold in the meantime. Miss L did not complete the review, but, in March 2014, Santander was offered £10 per month, via a debt charity. Santander contacted Miss L to tell her this was too little to prevent the account defaulting and, after further letters and a default notice, Santander defaulted the account in April 2014.

Miss L says the default is preventing her getting a loan for further study. She says she was mis-sold the account and had that not happened her credit file wouldn't have been affected. Santander says it didn't make any errors when applying the default and it is not prepared to remove it as it's an accurate reflection of the way in which Miss L managed the account.

Our adjudicator did not recommend the complaint should be upheld. Although she couldn't be sure what was said when Miss L opened the account she was satisfied the requirement for regular credits was clear in the documentation. She acknowledged Miss L said she didn't receive Santander's letters, but as they were sent to the address it had on file (Miss L's parents' address) she couldn't see Santander had done anything wrong.

Miss L's mother (Mrs L) responded to say, in summary, that Miss L told Santander her new address and her daughter already had a student account. She says Santander was wrong to open another when it had a condition saying it should be Miss L's main student account.

Our adjudicator's opinion remained unchanged. She found Miss L had opened a "switching" account and, therefore, had applied to transfer her existing student account to Santander. She also acknowledged that Miss L said she'd written to Santander to change her address in October 2012, but that Santander only had her parents' address on file. She could not conclude Santander had made a mistake as she also listened to a call in July 2014 when Miss L confirmed the address was right and did not want it changed.

Mrs L responded further to say that Santander told her during a call that the default should have been recorded in 2012 and that her daughter hadn't responded to contact from Santander initially as she was unwell.

## **my findings**

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

First of all I must consider whether Miss L's account was mis-sold. I acknowledge Miss L says she was told she needn't worry about paying money into the account whilst she was a student, but I am satisfied this was a condition of the account. However, as Miss L was

applying to switch her main student account to Santander, this condition would have been met had she done so due to student loan payments and other credits. I think it's possible, therefore, that is what was meant when Miss L was told she needn't worry about paying money into the account whilst still a student. That said, even if the information given to Miss L wasn't as clear as it should have been, I've seen the Key Facts documents and the terms and conditions of the account and I'm satisfied this condition was sufficiently clear. Indeed, Miss L says her mother noticed it during the discussion. Therefore, although I cannot be sure what was said in branch, I can't conclude the account was mis-sold. I also note Miss L made the requisite credit into her account initially, but failed to do so after September 2012.

As Miss L did not switch her main student account to Santander, and didn't make regular credits into her account, I find it was reasonable for Santander to write to her about the consequences in July 2013. Although Miss L says she didn't receive this, or subsequent, letters, she accepts the bank also tried to call her, but that she didn't respond to the calls. I understand Miss L was ill at the time, but I can't say Santander was wrong to continue to pursue her. Santander sent Miss L many letters between July and October 2013 before she called with a repayment proposal. The bank says it told Miss L she'd need to complete an income and expenditure review before it would accept the proposal, but that it would put her account on hold in the meantime. Although Miss L says she thought her proposal had been accepted, I cannot see she adhered to it. Miss L credited £10 to her account in December 2013, but Santander heard nothing more until February 2014, when a debt charity offered to repay £10 per month. Santander again wrote to Miss L and explained that although it acknowledged the plan, this would not prevent a default notice being issued.

I acknowledge Miss L was on an arrangement to pay, and had made two payments when the account defaulted, but I can't conclude that Santander was wrong to do so. I say that because Miss L was in breach of her contract and the account was significantly in arrears and had been for some time. I accept Santander knew she was making regular repayments via the debt charity, but that does not preclude it from defaulting the account, especially as the repayments were so low that it would have taken many years to repay the debt. I've also seen the letters it sent to Miss L and I'm satisfied it followed its own processes correctly. I accept there may have been a delay before Miss L received the letters, but I can't say Santander should be held responsible for that. Indeed, Miss L specifically stated, during the July 2014 call, that she didn't want to change the correspondence address on the account.

Finally, I note Mrs L says she was told the account should have defaulted in 2012. As it was opened in 2012, and a credit was received in September 2012, Santander would not have considered Miss L to have breached the contract until 2013. Due to Santander's processes, the earliest the account would have been defaulted would have been late 2013. So, even if Mrs L was told the default should have been in 2012, I don't consider that to be the case.

### **my final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 11 April 2016.

Amanda Williams

**ombudsman**