

complaint

Mr K is unhappy about the adverse markers Santander UK Plc has placed on his credit file.

background

Mr K had a 16-18 account with Santander. It changed to an everyday current account when he reached 18. The new account had an overdraft facility and Mr K began to accrue charges. Mr K said Santander told him there would be a small charge at the end of the month. But he was charged over £100 and he couldn't afford it.

Mr K said Santander refused to help him. It said he had to pay the charges or more would be added to his account. Mr K couldn't afford to pay the charges and the account went into default. He says Santander applied the charges unfairly. And he wants it to remove the adverse information from his credit file.

Santander said Mr K was no longer eligible for a 16-18 account. The terms and conditions of the account state it will revert to an adult current account when the customer reaches 18. Santander said it'd sent Mr K numerous statements and letters highlighting the outstanding balance and charges.

Because the balance went unpaid the account went into default. And the default was marked on Mr K's credit file. The charges had been applied in line with the terms and conditions of the account. So it didn't think it'd acted unfairly.

However, as a gesture of goodwill, Santander waived the £424.48 balance on Mr K's account. And it removed the marker placed on his credit file when the account defaulted. But it couldn't remove any other adverse data on his credit file. It was a true reflection of how the account had been managed.

Our investigator looked into the matter. He could see Mr K had used his overdraft facility in April 2013. And charges and interest continued to be applied from May to September 2013 when the account defaulted.

Santander had tried to contact Mr K and sent letters and statements on many occasions. And the letters said Mr K should get in touch if he had difficulty in paying. But he couldn't find any evidence Mr K had responded.

Mr K didn't agree. He said he only knew he was overdrawn when he visited his branch. He didn't know his account had changed. So he's asked for an ombudsman's final 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.

I can understand Mr K's frustration. His 16-18 account automatically converted to a normal current account on his 18th birthday. But Mr K says he didn't know the account had changed and he didn't realise he'd gone overdrawn. Santander began to apply charges and they were greater than he expected. And he couldn't pay them in one go. He told the bank but he got more charges and the balance kept growing.

Mr K says he wasn't aware his account had altered and he didn't receive a new bank card. Having looked at the information Santander has provided, it seems it did send Mr K a new card once the account changed. And even if Mr K didn't receive it, he would still have received monthly statements for the new account which clearly showed the activity and charges being applied.

I appreciate the situation quickly spiralled out of Mr K's control. And the overdraft charges began to attract new charges and interest because Mr K couldn't afford to pay them. But Santander has responded by agreeing to waive the outstanding balance on the account and remove the default marker on his credit file caused by the overdraft. And I think that's a positive response.

Santander tried to contact Mr K on a number of occasions once the account became overdrawn. And it offered contact details for help if Mr K was experiencing difficulty in paying the balance. But I can't find any evidence to suggest Mr K got in touch with Santander after the charges began to accrue.

I realise Mr K wants the other markers removing from his credit file. But, based on everything I've seen, I can't ask Santander to do that. The bank has a responsibility to report to credit agencies how customers manage their accounts. And I can't see it has made any mistakes – the reports are an accurate reflection of what's happened.

I realise Mr K will be disappointed by this outcome. But Santander has agreed to waive the balance on his account and remove the default marker from his credit file. I think that's a fair and reasonable response in the circumstances. And I won't be asking it to do anything more.

my final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 11 December 2017.

Andrew Mason
ombudsman