

complaint

Mr J isn't happy that Santander UK plc has recorded a default on his credit file.

background

Mr J had a bank account with Santander. In August 2011 he made a number of payments using his debit card, which took him into his overdraft. He'd also done the same thing the month before. Because he didn't have an agreed overdraft facility, Santander added fees to his account.

In November 2011 Mr J complained about the fees that had been applied. Santander agreed to reverse £100 of these and to stop some other fees that were due to be applied to Mr J's account. Mr J made some payments towards the outstanding debt over the next ten months or so, but in October 2012 Santander closed the account and recorded a default on Mr J's credit file.

Mr J says he closed his Santander account in 2011 and because of this he lost access to his online banking. So he didn't realise there were fees that had caused his account to go overdrawn. He says that had he known, he would've paid it off sooner. He also says he was in financial difficulty and Santander made this worse by continuing to charge him.

Santander says the account couldn't be closed while it had an overdrawn balance. And it did write to Mr J to let him know it intended defaulting the account. It wasn't prepared to remove the default or adverse information from Mr J's credit file.

Our investigator didn't think Mr J's complaint should be upheld. He thought Santander had applied the fees to Mr J's account correctly. He also thought Mr J did know about the outstanding balance on his account, because he'd been in contact with Santander since his account had gone overdrawn. And he'd also made payments towards the debt. He didn't think Santander had done anything wrong by recording the default on Mr J's credit file.

Mr J disagreed. He says he was in serious financial difficulties at the time and these were exacerbated by the fees on the account.

my findings

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

The fees were correctly applied in line with the terms and conditions of Mr J's bank account. He'd made payments using his debit card but he didn't have the money in his account to cover these. This meant he went overdrawn. I think Mr J would've understood that this is what would happen.

It would be reasonable for Santander to record a default on Mr J's credit file if it decided the relationship had broken down. But I'd expect it to treat him fairly. By this I mean that Santander should've given Mr J the opportunity to repay the outstanding overdraft.

I think Mr J knew his account was still open and was overdrawn. I accept he'd opened a new account with a different bank but this doesn't mean his Santander account was closed. He'd spoken to Santander on a number of occasions between November 2011 and May 2012 to

discuss how he was going to pay off the outstanding balance. And he'd put forward a number of proposals but didn't see these through.

Mr J had had an unauthorised overdraft for over a year before Santander decided the relationship had broken down. It had given Mr J the opportunity to put his account in order but this hadn't happened. So I think it was reasonable for Santander to record a default on Mr J's credit file.

I appreciate Mr J has been in financial difficulties. But this doesn't mean I would expect Santander to refund all or even some of the fees that were charged. Santander did reverse some of the fees and it hasn't charged anything as a result of Mr J being in his unauthorised overdraft, since September 2011. I also think Santander acted fairly when it tried to reach an agreement with Mr J about how he was going to repay the outstanding balance. So overall, I think it has taken steps to help Mr J.

my final decision

My final decision is that I don't uphold Mr J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 23 January 2017.

Claire Allison
ombudsman