

complaint

Ms L complains that Santander UK Plc debited a payment to her account after she had asked for the account to be blocked.

background

Ms L contacted Santander when she was experiencing financial difficulties and asked them to close the account. Santander explained that this was not possible because the account was overdrawn. So Ms L asked the bank to stop all direct debits and standing orders.

Santander accepted Ms L's instructions but in July 2013 a payment of £111.09 was made to an insurance company. Ms L disputed the transaction. The bank agreed to investigate but in September 2013 the account was defaulted and passed to a debt collection agency, leaving the disputed payment unresolved.

Ms L says that she didn't receive the default notices because they were sent to her ex-husband's address. She says that she was trying to resolve the disputed payment at the time the account was defaulted, and that had she received the default notices she would have paid the balance on the account.

Ms L says that the default has affected her ability to borrow money. She paid the balance on the account in March 2017, including the disputed payment, in order to proceed with a refinance.

Santander has now refunded the disputed payment and paid compensation. Ms L wants the default removed and further compensation.

The adjudicator found that Santander should have tried to charge back the disputed transaction, but said that because the bank have now refunded the payment, the same result has been achieved.

The adjudicator also found that although Ms L didn't receive the default notices, the fact that she was struggling financially meant that it was unlikely that she would've been able to pay the balance in full immediately.

The adjudicator said that Santander should've continued with their investigation into the disputed payment notwithstanding the default and recommended that the bank pay further compensation of £100.00.

Ms L did not agree. She says that the bank should've refunded the disputed payment immediately and that if this had been done she would've paid the balance on the account and avoided the default.

my findings

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

Ms L has requested that I telephone her before making my final decision. But I don't think that's necessary because she has already provided full details of her complaint.

I've looked at the information provided by Santander and I can see that Ms L disputed the payment of £111.09 on the basis that it was a fraudulent transaction and that it had been debited after she had asked the bank to stop payments on the account.

The bank says that the payment had been made annually under a continuous payment authority. For that reason the bank didn't view the payment as fraudulent. A recurring payment is different from a direct debit or a standing order and wouldn't be stopped by the instruction previously given by Ms L.

I agree with Ms L that Santander should've disputed the payment with the insurance company immediately. It's not clear why it didn't. The timescale for disputing the payment has passed now and the bank has acknowledged a service error and refunded the payment. It also paid compensation of £50 in recognition of the time it took to resolve the issue.

Ms L says that if Santander had resolved the disputed payment sooner she would've paid the balance on the account and avoided the default. I accept that Ms L didn't receive the default notices, but because the bank sent these to the registered address for the account I can't find that they did anything wrong.

I can see that Ms L had been in contact with the collections department at the bank since March 2013, so she would've been aware that the account was overdrawn and that there was a risk of default.

Ms L says that she was in a position to pay the balance at this time. I think this is unlikely because she had already told the bank that she was having financial difficulties. And she hasn't provided any evidence that she had monies available. If she wanted to avoid the default, I would have expected her to pay the balance minus the disputed payment but she didn't.

Ms L says that if the disputed payment had been resolved the default would not have been applied. I don't agree, because the account had been overdrawn for some time by an amount in excess of the disputed payment. So even if the disputed payment had been refunded, the account would still have been overdrawn and liable to be defaulted.

Taking all of the available evidence into account, I can't recommend that the bank remove the default from Ms L's credit file. But I recognise the trouble and upset which Ms L has suffered as a result of the disputed payment and I think that bank could've dealt with this differently at the time. For that reason I recommend that the bank should pay further compensation of £100 to Ms L.

my final decision

My final decision is that Santander UK Plc must pay compensation of £100 to Ms L.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 14 August 2017.

Emma Davy

ombudsman