

complaint

Miss G complains Santander UK plc cancelled the overdraft on her current account and when she didn't repay it a default was registered on her credit file.

background

Miss G had two student accounts. Santander has said it was wrong to open the second account. It notified Miss G it was going to cancel the overdraft on the second account. Miss G didn't repay the overdraft and seven months later Santander sent Miss G a default notice.

The adjudicator did not recommend the complaint should be upheld. He concluded an overdraft can be cancelled at any time and is repayable on demand. He considered Santander had left a reasonable period of time before it sent default letters. He did accept there had been communication problems between Miss G and Santander. But he considered Santander had already adequately compensated Miss G.

Miss G disagrees. Miss G accepts she had the benefit of the money and hasn't repaid it. But she feels the default shouldn't have been registered as:

- Santander has told her it breached its own rules by setting up two accounts;
- she was unable to set up a repayment plan because the right person at Santander was never contacted;
- a Santander staff member advised her not to pay anything and take her complaint to this service; and
- she has spent months trying to solve this but keeps having to explain the problem again.

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 have sympathy for Miss G. It wasn't her fault a second account was opened in breach of Santander's rules. But the overdraft is not repayable because it is Miss G's second account. It is repayable because it is an "on demand" facility and Santander has decided to cancel it. Miss G has had the benefit of the money she has borrowed. It is therefore fair and reasonable to expect Miss G to either have repaid the overdraft or agreed a repayment plan. Although Miss G says she has tried to set up a repayment plan she wasn't able to agree one with Santander in the more than six months which followed the cancellation of the overdraft. I therefore don't consider it has acted incorrectly in registering a default on her credit file.

Miss G says a Santander staff member told her to come to this service and not to pay anything. This conversation seems to have occurred in November. The default notice was sent in October so what Miss G may have been told didn't cause her to do anything which affected the default being registered.

But it is clear there have been significant communication problems between Miss G and Santander. Like the adjudicator, however, I consider the bank has already given Miss G fair and reasonable compensation. It has refunded some charges, waived some fees, made account adjustments, suspended charges and interest and made an ex gratia payment.

I appreciate this decision isn't what Miss G wanted. But I urge her to try to work with the bank and to give it information about her current financial position. I remind the bank of its on-going obligation to respond positively and sympathetically.

my final decision

My decision is that I do not uphold this complaint.

Nicola Wood
ombudsman