

complaint

Mr H complains that late payment information which Santander UK plc registered against his credit file meant that he could only obtain credit at very high interest rates. He says he didn't know there was a balance outstanding on his account. The adverse credit information has caused him considerable distress and inconvenience, which he says has led to him failing exams. He also complains about poor customer service from the bank. Mr H would like the bank to compensate him for the extra interest he has had to pay on loans. He would also like compensation for the distress and inconvenience he has experienced.

background

Mr H opened his account with the bank in September 2009. There was no arranged overdraft. He made frequent use of the account until April 2010, when he made a payment which took the account very slightly into overdraft. A credit to the account the following day brought it back into credit. Three weeks later, the bank debited a £5 "overdraft request" fee to Mr H's account, taking it into overdraft for a second time. There were no further transactions until Mr H paid £5 into the account 11 days later, taking the balance to £0.30 credit. He then stopped using the account for more than a year. Meanwhile, in July 2010, the bank debited an unarranged overdraft fee of £25 to Mr H's account.

Over the following year, further unarranged overdraft fees and several small amounts of unarranged overdraft interest were applied to Mr H's account. In August 2011 he contacted the bank to say he was not happy with the fees. The bank agreed to refund all the unarranged overdraft fees. Shortly after that, it credited Mr H's account with the small sum required to bring the balance back to zero. Mr H then carried out a few small transactions before closing the account in January 2012.

Mr H says he moved house in early August 2010, just over three weeks after the first unarranged overdraft fee was debited to the account. He says he received no warning from the bank that the fee was going to be debited. He says he visited the bank in mid-August 2010 to change his address, but it would not change it, as it refused to accept his provisional driving licence as proof of identity. He says he couldn't check his balance because the chip on his card was damaged. He had been locked out of internet banking and he had lost his personal identification number (PIN) for phone banking.

Since the bank had refused to record his new address, he couldn't safely order a new card or a replacement PIN. The bank eventually updated Mr H's address in December 2010.

Mr H says he discovered that the bank had recorded late payment information on his credit file, due to the overdraft balance, when he had an application for a credit card declined in September 2011.

The bank has acknowledged that it did not provide the level of service to Mr H that he was entitled to expect. It sent him a cheque for £95 as compensation for this. It also removed the adverse information from Mr H's credit file for the period from April 2010 to September 2011.

our initial conclusions

The adjudicator did not recommend that Mr H's complaint should be upheld. He considered that Mr H should have known that there was a balance outstanding on his account because it would have shown on three consecutive monthly statements before he moved house.

He could have told the bank he wasn't receiving statements, and could have found out his balance at the branch.

He commented that banks are obliged to ensure that information given to credit reference agencies is accurate. In this case the bank had recorded accurate information, but had since had it removed as a gesture of goodwill to Mr H. He noted that the bank had already paid £95 to Mr H, and did not recommend that it should compensate him further.

Mr H's comments on our initial conclusions

Mr H does not accept the adjudicator's view. He says he didn't receive any statements showing an outstanding balance before he moved. By the time he first received a statement at his new address in January 2011, it was too late to prevent the information being registered. He says the bank should have phoned him about the outstanding balance.

Mr H does not agree that he should have contacted the bank to ask why he wasn't receiving statements. He explains that this was not his primary bank account, and he hardly ever used it. He made several attempts to change his address, but the bank wouldn't let him. He had assumed that the bank would not send him statements during the period he wasn't using the account, as he assumed there were no transactions to show. He doesn't accept that it did so. He says if he had known there was a debit balance outstanding, he would have taken steps to correct it, as he did as soon as he found out about it in January 2011. He considers the bank responsible for limiting his choice of credit providers.

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 some sympathy with Mr H. It is apparent from the transactions on his account from opening in October 2009 until April 2010 that he kept a close eye on his balance. Each time the balance was nearly exhausted, he paid money in. The first time the account became overdrawn, it was by less than £1 and Mr H paid money in the next day to bring it back into credit. That one small slip led to a large number of charges being applied and, ultimately, to adverse information being recorded on Mr H's credit file.

The second time the account went into overdraft was not as a direct result of a transaction carried out by Mr H, but was due to the bank debiting a fee for allowing the transaction which had originally made the account overdrawn. But the bank debited the fee in accordance with its terms and conditions.

Given that Mr H had brought the account back into credit and had carried out no further transactions, I think it likely that he was not immediately aware that the £5 fee had been debited, which may account for the fact that it took him 11 days to pay enough money into the account to bring it back into credit. He may well have assumed that once he had done that, the account would remain with the small credit balance unless and until he used it again.

But the bank was entitled to debit Mr H's account with the unarranged overdraft fee. It has told me that Mr H would have been warned of pending fees in his monthly account statements. This is normal practice. The fee was debited on 9 July 2010, and I am satisfied, on balance, that it would have warned Mr H about the £25 fee in his May and/or June 2010 statement. The fee was debited around a month before Mr H says he moved house.

I appreciate that this was a busy time for Mr H. But in the circumstances, I do not consider that the bank can be held responsible for the fact that Mr H appears not to have realised that a further fee would be debited and his account would become overdrawn as a result.

It was due to the resulting unarranged overdraft that the bank recorded late payment information on Mr H's credit file. I do not doubt that if Mr H had noticed on his statement that the bank was going to apply a further fee to his account, he would, in all probability, have promptly paid in enough to cover the fee and prevent the account going into overdraft. The adverse credit information could then have been avoided. But since I have accepted that the bank warned Mr H that the fee would be applied, it follows that I cannot find that the bank acted unreasonably in recording the information with credit reference agencies.

As it is, the bank has refunded all unarranged overdraft fees to Mr H's account and has removed the associated information from his credit record. It has also paid him £95 in recognition of the distress and inconvenience he experienced. I consider this to be fair and reasonable in all the circumstances.

my final decision

My decision is that I do not uphold this complaint.

Juliet Collins
ombudsman