

complaint

Mr A complains that Santander UK Plc (“Santander”) converted his student account to a regular account without enough notice, asked him to repay his overdraft and gave poor service.

background

Mr A had a Santander student account with a £2,000 overdraft limit while he was at university. His original graduation date was July 2018 and the following month Santander converted his account into a graduate account. Santander says it wrote to Mr A with the new terms and conditions before converting the account and the student account terms and conditions say that this will happen.

Mr A hadn't paid money into his account since April 2018 when his final student finance payment was received. This wasn't a problem when he had a student account, but Santander's graduate account terms and conditions require monthly payments into the account. Santander says it wrote to Mr A at the address it had for him six times to say that he needed to pay money in but didn't hear back. Because of this, on 6 October Santander removed Mr A's overdraft limit. Santander says it wrote to Mr A two more times at the same address during October confirming what had happened.

Mr A says he didn't receive Santander's earlier letters and only found out what was happening after the overdraft limit was removed so he hadn't known he needed to pay into the account. He says he'd contacted Santander to say his graduation was delayed until September 2018, so his account shouldn't have been converted to a graduate account so soon. Mr A says he's got a job now so can make monthly payments into the account. He's also explained personal circumstances that meant he hadn't prioritised his bank account arrangements while these events were happening. Mr A asked Santander to reinstate his overdraft limit, but it refused and his account was transferred to its collections department.

Mr A complained to Santander on 16 October about what it'd done and the customer service he'd received. Santander didn't uphold his complaint because it said it'd tried to contact him several times and he would have known the account was due to convert into a graduate account. It said Mr A hadn't told it about the change to his graduation date when it'd happened and that he could have found time to call its collections department to discuss the situation. Santander confirms that it won't reinstate Mr A's overdraft.

Mr A wasn't satisfied with Santander's response and brought his complaint to our service. An adjudicator didn't uphold his complaint because they thought Santander had taken reasonable steps to contact him and he had a responsibility to manage his account. Mr A asked for a final ombudsman decision because he says he only received one letter from Santander and hadn't received the terms and conditions that said what would happen to his 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. Where the evidence is incomplete, inconsistent or contradictory, I have made my decision based on the balance of probabilities - that is, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Mr A says that he only received one of Santander's letters about the account change and overdraft removal. But Santander has provided copies of all but one of the letters it sent – and shared the template of the other letter that was posted on its behalf - and confirmed that all the letters were posted to the same address it's had for Mr A since 2007. Taking everything into consideration, I think the most likely explanation is that Santander sent the letters to the right address but they went missing in the post – which is unfortunate for Mr A but not something I find Santander at fault for. Because of this, I think Santander made reasonable efforts to contact Mr A even if he didn't receive the letters.

And I'm satisfied that its student account terms and conditions – that Mr A would've accepted when he first opened the account – allow for this change. They say "*When you complete your course you'll no longer be eligible for this current account. At this time, these Specific Conditions will cease to apply to your current account and unless we agree with you before the end of your course that you can have a different facility with us, your 1|2|3 Student Current Account will automatically be transferred to the 1|2|3 Graduate Current Account and the Specific Conditions for the 1|2|3 Graduate Current Account in force at that time will apply. We'll give you at least two months' notice of the date of the change or, if applicable, closure*".

Mr A says he hadn't seen the terms so wasn't aware of the changes. I've considered this point but I'm not persuaded that Santander didn't do enough to tell Mr A in advance about what would happen. Mr A agrees he received one of the letters, so I think he could've contacted Santander or looked at its website, which had the terms and conditions for both the Student and Graduate accounts and Key Facts documents. Mr A's also said he contacted Santander to say his graduation date had changed, which leads me to think he was aware that his account status was linked to him being a student. So although I don't doubt that Mr A hadn't realised exactly what would happen to the account and when – and that personal circumstances meant Mr A didn't have much time to look into it – I don't think that was due to a Santander error.

Mr A says that because he didn't realise he now had a graduate account, he didn't know he was expected to pay into it regularly – and he started work in September 2018 so didn't have a regular income before then. I sympathise with this and can see he's tried to stay within the new account terms and conditions once he realised what they were. But I can also see that Santander had written to Mr A several times asking him to make a payment into the account and hadn't heard from him. The account had been inactive since April 2018. So even if Mr A wasn't aware of this requirement, I don't think that was because Santander hadn't made reasonable efforts to contact him. And the terms and conditions for both Santander's student and graduate bank accounts say that the overdraft limit can be withdrawn on demand. So I know Mr A will be disappointed – and I sympathise that his personal circumstances meant he wasn't focused on his banking at the time – but I don't agree that Santander acted unreasonably here when it cancelled his overdraft in October 2018. And because Mr A hadn't told Santander about his personal circumstances, I don't think it can be expected to have acted differently because of them.

Taking everything into consideration, although I sympathise with Mr A I don't uphold his complaint here. I know Mr A would like Santander to reinstate his overdraft on the same terms as before. But because I don't think it's made a mistake, I don't think it would be fair for me to order this.

I understand that Santander has put its collections process on hold and not registered a default on Mr A's credit file while he brought this complaint to our service. I also understand that Santander might consider a repayment plan, which Mr A might want to pursue.

my final decision

My final decision is that I do not uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 27 April 2019.

Katy Pillai
ombudsman