

## **complaint**

Mr K complains that Santander UK plc didn't pay him the right amount of interest on his ISA in 2009. He also complains that it then didn't pay the missing interest into his current account as it said it would.

Mr K says it wasn't until 2013 – when his mortgage application was declined – that he found out the debt on his current account hadn't been settled as he had thought. He says he also found the bank had wrongly recorded a default on his credit file.

## **background**

Mr K opened an ISA with Alliance & Leicester (now Santander) in April 2008. In August 2009, he closed it and moved the money to another provider. In early 2010, he complained to Santander because he thought he hadn't received as much interest as he should have done. He asked for the shortfall in interest to be paid into his current account to settle the overdraft, and the remainder to be paid directly to him.

Mr K complained to this service in early 2011, because he said Santander hadn't replied to him. In February 2011, Santander wrote to him enclosing a cheque for £31.09, which it said was the interest he had lost on his money.

Mr K didn't pursue the matter. He says he understood that the £31.09 he'd received was the remaining interest owed to him, after his overdraft had been repaid. Mr K says he applied for a mortgage in July 2013 and was declined, so he checked his credit file. He found that Santander had registered a default against his current account, so he complained. Santander didn't think it had done anything wrong, and said Mr K was simply revisiting the complaint he'd made in 2011.

## **my provisional decision**

I issued a provisional decision on this complaint and explained why I proposed to uphold it in part. I concluded, in summary:

- Much of the evidence in this case was incomplete or contradictory. So I had to decide what I considered was most likely to have happened in the light of the evidence that was available.
- I found nothing to indicate that Mr K had moved his money to another ISA between April 2008 and August 2009. The ISA he did have had a variable rate of interest. In the circumstances, and given the extent to which interest rates generally were falling between April 2008 and March 2009, I wasn't persuaded he had lost out on interest by as much as he claimed. And, while Santander hadn't explained how it had calculated underpaid interest of £31.09 – which was unhelpful – Mr K had chosen not to pursue the matter in 2011. For these reasons, I didn't propose to make an award for lost interest.
- But I could see why Mr K had understood his overdraft had been settled in 2011. He received a cheque from Santander for £31.09, after he'd asked the bank more than once to use the interest he thought he'd lost on the ISA to repay the overdraft, and send him a cheque for the remainder. He got a cheque with no real explanation other than that it was for lost interest, so he thought no more of the matter.

- I thought Santander had dealt with the matter poorly and caused confusion. I also noted that fees and charges had caused the debt on Mr K's current account to increase from £219.91 in March 2010, when he initially queried the interest on his ISA, to £557.72 in July 2010.
- Some time before that, Mr K appeared to have queried the fees he had been charged because he wasn't paying anything into the account. He said he'd asked to downgrade to a non-fee-paying account, but was still being charged.
- Santander had recorded a default on Mr K's credit file because he hadn't repaid the overdraft. Mr K said he didn't know anything about this until his mortgage application was declined. The evidence Santander had provided didn't satisfy me that it told Mr K what was happening. And I thought it likely Mr K would have complained earlier if he'd received requests for payment.
- Taking the matter as a whole, I concluded that Mr K had made assumptions about what was happening when he might reasonably have checked the position, and that Santander should have been clearer about what it was doing. I considered the fairest way to settle the matter was for Santander to write off the outstanding £557.72 and remove the adverse information it had recorded about this debt on Mr K's credit file.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Mr K accepted my provisional decision. Santander said it could see that Mr K might have thought his overdraft had been cleared when he received the £31.09 cheque in 2011. So it agreed to the settlement I proposed in my provisional decision.

### **my findings**

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

Both parties have accepted my provisional decision, as set out above, so I see no reason to change it.

### **my final decision**

My final decision is that I uphold this complaint in part. In settlement, I order Santander UK plc to:

- write off the £557.72 debt it has been asking Mr K to pay on his current account; and
- remove any adverse information it has recorded with credit reference agencies about Mr K's current account since 2008.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr K to accept or reject my decision before 16 February 2015.

Janet Millington  
**ombudsman**