

## **complaint**

Mr D complains that Santander UK Plc (trading as Cahoot) recorded a default on his credit file without notifying him. He says he thought he'd settled his account and didn't realise the debt existed. He complains that the charges applied after he thought the account was settled are unfair.

## **background**

Mr D says he phoned Cahoot and asked for a settlement figure for his account. Cahoot provided him with this and Mr D paid it. Mr D says he thought he'd settled both his credit card account and current account on the basis of information given on this call. But the settlement amount he paid only related to his credit card account, and his current account remained outstanding.

Mr D says he received no further correspondence or calls to indicate there was an outstanding debt to pay on his current account. He only realised there was a problem some years later when he was declined a mortgage. He says he checked his credit file at this time and found that Cahoot had put a default on it without informing him. When he called Cahoot for an explanation it told him there was over £2,000 outstanding on the account - much of it made up of charges and interest that had been applied since the account was last used.

Cahoot says that the account was an online only account, so it had to be managed online. Mr D says he hasn't logged on since he thought he'd settled and closed the account. As he didn't receive any further cards or information from the bank he had no reason to believe an account remained open. He says he would've done something about the outstanding debt if he'd known about it.

He also complains that Cahoot hasn't provided him with information he has asked for, including a copy of the default notice it says it sent.

Our adjudicator considered that Mr D did call Cahoot with the intention of settling his Cahoot accounts. He considered that while the bank didn't deliberately try to disadvantage Mr D, his current position has been caused by bank error. He said that the bank should remove any adverse information applied after 30 April 2009 (the date Mr D settled his credit card account), refund the charges applied after this date, and pay Mr D £200 for the distress and inconvenience caused.

Cahoot didn't accept this. It says the default on Mr D's credit file properly reflects the operation of the account. It says the bank emailed Mr D notifying him of the charges it had applied, and it's not its fault Mr D didn't read these emails.

## **my findings**

I've considered everything Mr D and the bank have said and provided to decide what's fair and reasonable in the circumstances of this complaint.

It's unclear what was said on the telephone when Mr D called the bank on this matter. Cahoot doesn't have a record of the conversation, or system notes covering it. Where the evidence is incomplete, as some of it is here, I reach my decision on a balance of probabilities – that is, what I consider is most likely to have happened in the light of the evidence that is available and the wider surrounding circumstances.

Mr D's current account was more than £1,400 overdrawn around the time of this call, so the settlement figure the bank gave him was approximately £1,400 short of the amount he would need to settle both accounts. I consider that this is a large amount of money for Mr D and the bank to overlook. In the circumstances, I'm not satisfied that Mr D asked the bank for a settlement figure for both accounts. I consider it more likely that Mr D simply asked for a settlement figure for his account and the bank, thinking he was referring to his credit card, gave him a settlement figure for that account.

In the circumstances, I consider the bank should've told Mr D that his current account remained open. I find nothing to indicate the bank did this, and consider that what happened could've been avoided if it had. I'm persuaded Mr D acted in good faith at the time, and didn't try to walk away from his debts – his dealings with this service have been consistent and credible, and his account history and credit file are compatible with his assertion that he would've paid off his debt if he realised it was still outstanding.

The bank says that the account was an online only account. It says it notified him of charges in its secure zone (which Mr D says he didn't check as he thought his account was settled) and via email, using the email address Mr D gave it. But Mr D says he didn't get any emails from the bank until very recently. Having looked at the information the bank has provided, I'm not satisfied that notices of charges were always sent to Mr D by email as well as by secure message on its website (I'm satisfied some emails were sent), or that the notice of default was sent. I've asked the bank to send me a copy of the default notice it sent Mr D, but it hasn't done so despite reminders.

Taking the matter as a whole, I consider Mr D would've contacted the bank to pay off the debt sooner if the bank would've acted differently. In the circumstances I consider the bank should remove any adverse information applied after 30 April 2009, refund the charges applied after this date, and pay Mr D £200 for the distress and inconvenience caused. I understand that Mr D has agreed to pay off the money he owed the bank on 30 April 2009. I consider he should reasonably do so within one calendar month of the date he accepts this final decision. Should he not do so for any reason Cahoot will be entitled to issue a new default notice and, if the debt outstanding on 30 April 2009 is unpaid, it will be entitled to register a new default.

### **my final decision**

My final decision is that Santander UK Plc (trading as Cahoot) should:

- Remove any adverse information applied after 30 April 2009 (the date Mr D settled his credit card)
- Refund the interest and charges applied after 30 April 2009, and
- Pay Mr D £200 for the distress and inconvenience caused.

In the event Mr D doesn't repay the debt that was outstanding on 30 April 2009 within one calendar month of the date he accepts this final decision, Cahoot shall be entitled to issue a new default notice for the amount of that debt. Should the debt remain unpaid within the time period stated in that default notice it will be entitled to register a new default against his credit file.

Laura Forster  
**ombudsman**