

## **complaint**

Miss L has complained about Santander UK Plc's decision to withdraw her overdraft facility. She's explained she was only slightly overdrawn, but charges were applied, causing the overdraft to become larger. She feels she wasn't given enough notice to sort things out, and wasn't taken seriously. She's also concerned about the effect on her credit file.

## **background**

Miss L had an overdraft facility on her Santander account. It applied charges, but refunded these during 2015 and 2016. But it also decided to remove the overdraft facility. This was because Miss L needed to pay a minimum of £500 into her account a month, in order to qualify for it. As this wasn't happening, Santander removed the overdraft.

Miss L's explained that despite a lot of contact with Santander, a payment plan for reducing the overdraft wasn't arranged until July 2016. She feels this should've been done sooner. She's also explained that late payment markers have been recorded on her credit file, which she feels is unfair - because the repayment plan should've been reached earlier.

Our adjudicator didn't recommend that the complaint should be upheld. This was because he felt Santander had acted fairly in withdrawing the facility, and recording the late payments. He felt it had taken steps in the months before July to let Miss L know she could come to a repayment plan.

Miss L disagreed. In summary she said:

- Why was she given a repayment plan in July, not before, in the March or April?
- She requested ways of paying off the debt that wouldn't affect her credit file, but was ignored. She was told to pay all the money back in one lump sum, or go through a debt advice service.
- She was told in July that as long as she kept up with her repayments, there'd be no negative impact. She didn't miss any repayments after the plan was agreed in July, and has now paid off the debt in full. So it's unfair for her credit file to be affected.
- She's checked her credit file, and it shows six missed payments. There's no reason why it should. She explained she'd never missed a payment.
- An advisor at Santander said she could appeal the decision to remove the overdraft, but knew an appeal would be a waste of time.
- She wasn't asked about a budget plan when she spoke to Santander in April 2016.
- All of this could've been avoided if things had been sorted out earlier.

## **my findings**

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

First, I'd like to extend my sympathy to Miss L. I know she's had a very difficult time in her personal life. This must have caused her considerable distress, and I'm very sorry for this.

I've looked carefully at her complaint, and whether I think Santander has acted unfairly in respect of her account and credit file. I know this will be very disappointing for Miss L, but I don't think it has. I'll explain why.

Miss L wasn't paying the required amount into her account, so Santander was entitled to remove the overdraft facility. This meant it needed to be repaid. So the question is, was what happened with the repayment plan – in particular, it not being set up until the July of 2016 – fair? And, it follows from that, were the entries on her credit file fair?

I understand that Miss L spoke to Collections and Recoveries on 25 September 2015 about a repayment plan. A budget planner was talked about on this call, but unfortunately the call was terminated. Later that day, Miss L was advised to contact StepChange. I think this was responsible of Santander. I can also see it had taken steps to arrange the repayment plan at this early point. It also agreed to put the account on hold until 5 October. It's explained it sent letters and texts to Miss L asking her to contact it. So I think it was being proactive in trying to sort things out.

But Miss L didn't contact Santander again until March 2016. I know this is when she feels a repayment plan should've been set up. But from that point, Miss L was told a number of times that she'd need to make repayments, or it would be recorded on her credit file. This was fair, as it'd be an accurate reflection of the status of the account.

As regards Miss L being advised to consider an appeal. I don't agree that this was bad advice, as the advisor couldn't reasonably have known what the outcome would be.

Miss L spoke with Santander in April and a repayment plan of £107.49 a month was discussed. Miss L was also advised that if the appeal failed, the entries on her credit file wouldn't be removed. Again, I think this was fair, as it would be a true reflection of the account's history. I accept a budget plan wasn't discussed, but it had been earlier. And a plan was offered. So I don't think Santander was unfair.

It wasn't until the July that the repayment plan was set up. This seems to me to have been largely due to the appeal. But Miss L was aware that the appeal may fail, and that repayments were required from the February. I don't think it would've been unreasonable for her to have made them. As I've explained, the repayment plan had been discussed in September 2015, but Miss L didn't go ahead with it. I don't think I can fairly hold Santander responsible for this, and I think it was being proactive in trying to sort things out.

Late payment markers were added to the file, for the period February to July 2016. It was in the February that the overdraft facility was cancelled, and repayments fell due. Santander sent letters in the February and March about it needing to receive repayments. I don't think this was unfair. Santander had been trying to arrange a repayment plan, but this hadn't worked. So the markers fairly reflect the status of the account. Because of this, I can't fairly ask Santander to remove them. This is the case even though the debt's now been paid off. It's fair to show the account history in its entirety, as this is how credit reporting works.

I know that Miss L worked incredibly hard to pay back the debt, and that she's also studying. This is in addition to her having been through a very traumatic personal experience. She's very worried about how her credit file may affect her job opportunities. It's clear she has an enormous amount to deal with. But I can't ask Santander to change correct entries because of this. I know how upsetting and frustrating this must be. I can't comment on how potential employers would view the entries on her file, or if they'd look at it. This likely depends on the type of jobs she's applying for. But many, many people have successful careers with adverse information on their files. I very much hope this turns out to be the case for Miss L.

**my final decision**

For the reasons given above, it's my final decision not to uphold this complaint. I make no award against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 15 June 2017.

Elspeth Wood  
**ombudsman**