

## **The complaint**

Miss I has complained that Santander UK Plc gave her misleading information about whether she was able to have a student account whilst she was a postgraduate student.

## **Account History**

Miss I's account history is as follows:

- 123 Student account from August 2016
- Changed to a 123 Graduate account in July 2019
- Change to a Everyday current account in July 2021

## **What happened**

Miss I says that she started her postgraduate studies in September 2021, however noticed she was incurring charges on her account.

Miss I says she enquired with Santander why she did not have student account, given that she was a student again at university. Miss I says she was given conflicting information about whether she could or couldn't have a student account.

Miss I says that Santander asked her to provide evidence that she was a student so that it could change the type of account she held, but when she provided it, her account was still not changed.

In response to the complaint, Santander acknowledged that Miss I had been given incorrect information, so paid Miss I £50 for the distress and inconvenience caused. Santander also paid Miss I £85.94 to cover the interest applied to her account for the months of June, July and August 2022 and confirmed that its student accounts are only available for undergraduate studies, so Miss I was not eligible to have a Student account again.

Miss I referred her complaint to our service, and our adjudicators ultimately thought that Santander should pay a further £50 compensation (so a total of £100) to Miss I, for distress and inconvenience caused to her by indicating she was able to have a student account when that was not actually the case. Santander agreed to the adjudicator's assessment, but Miss I didn't.

As Miss I disagreed with the adjudicator's assessments, the matter was referred for an ombudsman's decision.

## **What I've decided – and why**

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

Having reviewed everything, I uphold this complaint in part, and think that Santander should pay Miss I a further £50 of compensation. I have explained why I think this is reasonable below.

*Was Miss I eligible for a student account?*

When Miss I started her postgraduate studies in September 2021, I can see that her account was a standard Everyday current account by that stage.

Looking at the terms and conditions of the Graduate account that Miss I held before hand, it was only available to have for two years. As such, I think Miss I's account was changed from a Graduate account to an Everyday account in July 2021 correctly - as she'd had it for two years by then - in line with the terms and conditions of the Graduate account.

Santander says that it would've written to Miss I to inform her about this change to her account. And having listened to Miss I's call to our service, she did confirm that she'd received a letter to say that she'd start being charged interest on her overdraft. So it seems that Miss I was correctly informed and was aware that her account was changed to a standard current account in 2021 – and therefore that she would be charged interest on any overdrawn balance.

I understand the basis of this complaint is that when Miss I started her postgraduate studies, she thought she'd be able to have a student account again.

Santander has provided our service with the Student account terms and conditions that were in place at the time, and they do say that a student account is only available for undergraduate students.

So it is the case that Miss I was not eligible for a student account in September 2021, when she started her postgraduate studies. This in turn means Miss I was not able to have an interest free overdraft, that is usually included as a feature of a Santander student account. As such, I can't reasonably say that Santander was acting incorrectly or unreasonably in applying interest on any overdrawn balances on Miss I's account since July 2021.

#### *Incorrect information provided*

Even though Miss I was not eligible for another student account, she says she spoke to Santander and was, at times, given information to suggest that she could have a student account again.

In its file on this complaint, Santander has acknowledged that Miss I may have been provided with incorrect information about her being able to have a student account again. In response to this, Santander paid Miss I £50. However, I agree with the adjudicator that Santander should pay Miss I a further £50 compensation. I say this because I think that £100 compensation better reflects the distress and inconvenience Miss I has experienced, particularly as Miss I appears to have been misled more than once and it seems it was only after Miss I raised a complaint was it confirmed once and for all that she could not in fact have a student account.

#### *Overdraft interest*

To resolve her complaint, Miss I has asked that Santander write off the interest that has been applied to her account, and she says she would then repay the amount left outstanding. I have considered whether a further refund of the overdraft interest is warranted, given the misleading information that Miss I was given. But in the circumstances, I don't think it is.

Had things gone as they should've and Miss I was informed that she could not have a Student account, Miss I says that she would've paid off her overdraft on her account.

But Miss I continued to operate her account within an overdrawn balance since she started her studies in September 2021 – even though she was aware that she didn't have a student account at the time, and therefore any overdrawn balance would incur interest.

Furthermore, when Santander did confirm in its final response letter in July 2022 that Miss I was not eligible to have a student account whilst she was a postgraduate student, Miss I still did not pay off the overdrawn balance from her account. So I think that it's likely in the circumstances, that had Miss I been given the correct information, Miss I would still have made the payments from the account that she did and therefore would've still incurred the overdraft interest that has accrued on the account.

Because of this, I don't think it's reasonable to ask Santander to write off the overdraft interest that was applied to Miss I's account.

### *Settling the outstanding debt*

I understand that there is still an outstanding overdrawn balance on the account. I recognise that having this outstanding is a cause of concern for Miss I.

As outlined above, as the amount outstanding is rightfully owed, I can't reasonably ask Santander to write off the debt. Santander has however said that the account has been on hold since December 2022 – the evidence provided by Santander indicates that is the case.

Santander says it can set up an arrangement for Miss I to repay the outstanding debt for a period up to 15 months. During such an arrangement, Santander says it will report (to Miss I's credit file) that the account is in an arrangement plan, but the account won't appear as being in default during the arrangement and all charges and fees will be suspended during that time.

Santander says that to do this, Miss I will need to complete a budget planner to ensure the arrangement is affordable. Again this seems reasonable in the circumstances.

I think what Santander proposes to assist Miss I in clearing the debt is reasonable, and I would urge Miss I to contact Santander directly, to discuss the next steps to clear the debt.

So in summary, it's clear that Miss I has been given conflicting information, which at times gave her false hope that she could have a student account during her postgraduate studies. But it is unfortunately the case that Miss I was never eligible to have a student account with Santander in that time. So, whilst I can't say that Santander did anything wrong in applying overdraft interest to the account, I think that Santander should pay Miss I compensation for the distress and inconvenience she suffered due to the incorrect information she was provided.

### **Putting things right**

To put matters right Santander should pay Miss I a further £50 for the distress and inconvenience that this matter has caused her.

### **My final decision**

Because of the reasons given above, I uphold this complaint in part and require Santander UK Plc to do what I have outlined above, to put matters right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss I to accept or reject my decision before 22 September 2023.

Thomas White  
**Ombudsman**