

The complaint

Mr and Mrs H complain Santander UK Plc are reporting inaccurate information about their overdraft to credit referencing agencies.

What happened

Mr and Mrs H carried out an account switch in August 2022. However, they were unable to transfer their overdraft to their new account. This meant their overdraft balance with Santander remained outstanding, despite their account needing to be closed. Mr and Mrs H couldn't afford to repay their overdraft in full, so Santander agreed a repayment plan of £150 a month until the overdraft is cleared.

Mr and Mrs H complained to Santander as they said late payment markers were being reported on their credit file. They felt this was inaccurate because they were making their payment on time each month. Santander looked into Mr and Mrs H's concerns and issued their final response. In this, they explained they were correctly reporting that the terms of the overdraft had been breached, but an arrangement to pay was in place. Mr and Mrs H remained unhappy, so they brought their complaint to our service.

Our Investigator looked into Mr and Mrs H's complaint and felt it should be upheld. He explained he didn't think Santander clearly explained the overdraft was immediately repayable. He also didn't think it was fair for any negative markers to be reported on Mr and Mrs H's credit files as they were adhering to the repayment plan. Because of this our Investigator said Santander should remove negative markers from Mr and Mrs H's credit files and pay them £100 for distress and inconvenience.

Santander disagreed with our Investigator and explained that the overdraft was immediately repayable because the account was closed due to Mr and Mrs H doing an account switch. As they were unable to repay the outstanding balance for their overdraft, they had been correctly reporting an arrangement to pay was in place. But once the overdraft is cleared within a reasonable amount of time, and in line with the agreed repayment plan, any negative markers would be removed.

Our Investigator wasn't persuaded to change his mind, so this complaint was passed to me for a decision.

I issued my provision decision on 6 November 2023. I explained I considered Santander were reporting accurate information to credit referencing agencies. As such, I wasn't persuaded Santander needed to do anything to put things right.

Both parties had until 27 November to send me any additional points they wanted me to consider. Santander accepted my provisional. Mr and Mrs H expressed they were disappointed with the outcome and how they felt the terms and conditions of their account put them in an unfair position. However, they did agree for the late payment markers to be removed from their credit files once their outstanding balance is repaid.

Having taken everything into consideration, my decision remains the same.

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'm not upholding this complaint. I'll explain my reasoning below.

When carrying out an account switch, it's normal practice for the account a customer is moving from to close. So, I can't agree with our Investigator that Mr and Mrs H wouldn't have been aware their account would close. And because their account was closing, I don't consider Santander acted unreasonably by initially expecting the overdraft balance owed by Mr and Mrs H to be repaid immediately – particularly given they had no control over whether Mr and Mrs H's new bank would or wouldn't provide them with an overdraft. It's not uncommon for overdrafts to become immediately repayable. And having reviewed the terms and conditions of Mr and Mrs H's Santander account, I've seen it has a section headed, "**17. Cancellation and closing your account**", which says "*b) where you have an Arranged or Unarranged Overdraft on the account, you must pay off all the money you have borrowed together with all fees and interest*".

Despite Santander being entitled to immediate repayment of the overdrawn balance owed to them, I was pleased to see they took Mr and Mrs H's circumstances into account once they were aware the debt couldn't be repaid right away. Mr and Mrs H haven't said the £150 per month repayment plan was unsuitable for their circumstances, so I'm persuaded this is an amount they confirmed to Santander they could afford to pay in order to clear what they owed. So, it seems both parties did what I'd expect in the circumstances.

Mr and Mrs H have provided evidence to show they've been making their monthly repayments on time. And Santander hasn't disputed that's the case. So, what's in dispute is whether Mr and Mrs H's credit files accurately reflect the way this overdrawn balance is being managed.

As mentioned above, the overdraft was meant to be fully repaid when Mr and Mrs H's account closed. So, the fact an outstanding balance remains means that repayment of that debt, overall, is late. And that is something that needs to be reflected on their credit files. However, while that might be the case I would expect Santander to also report that an arrangement to pay is in place. Mr and Mrs H have sent me a screenshot of one of their credit reports and I can see that it says, "**Arrangement** The lender has agreed to vary your payments for a time" "**Start date:** 01 Sep 2022".

Given the information detailed above, I'm satisfied that Santander is reporting accurate information to credit referencing agencies. Santander has told our service that any adverse data will be removed from Mr and Mrs H's credit file once the overdraft is repaid, and if they continue to adhere to the agreed repayment plan. I consider that's fair and reasonable in the circumstances. As such, I don't consider Santander needs to do anything to put things right.

I know this isn't the outcome Mr and Mrs H hoped for. But for the reasons above, I'm not upholding their complaint.

My final decision

My final decision is that I'm not upholding Mr and Mrs H's complaint about Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to

accept or reject my decision before 3 January 2024.

Sarrah Turay
Ombudsman