

The complaint

Miss H is unhappy that Santander UK Plc defaulted her current account.

What happened

Miss H was over the agreed overdraft limit on her current account. Because of this, Santander withdrew Miss H's overdraft facility, and Miss H came to an arrangement with Santander to make monthly payments to clear the overdrawn balance. Miss H missed one of the monthly payments on the arrangement, but she made two payments the following month to catch up. However, Miss H later found that Santander had defaulted her account because she missed the one payment. Miss H wasn't happy about this, so she raised a complaint.

Santander responded to Miss H and said that they didn't feel that they'd done anything wrong by defaulting her account. Miss H wasn't satisfied with Santander's response, so she referred her complaint to this service.

One of our investigators looked at this complaint. But they didn't feel Santander had acted unfairly in how they'd managed the situation and so didn't uphold the complaint. Miss H remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

In December 2021, Miss H exceeded the overdraft limit on her account. Santander attempted to contact Miss H about this, but without success, and they withdrew the agreed overdraft facility from Miss H's account in February 2022.

This meant that Miss H needed to come to an arrangement with Santander to repay the full amount that she was overdrawn. Miss H did come to an arrangement with Santander to do this, but she did so in May 2022, which was six months after she'd first exceeded the previously agreed overdraft limit in December 2021.

I've listened to a recording of the phone call where Miss H comes to the overdraft payment arrangement with Santander, and Santander's agent clearly explains to Miss H that if she is going to be unable to make a payment on the arrangement that it's important that she contacts Santander beforehand to discuss this with them. And Santander also sent a letter to Miss H in confirmation of the arrangement that also confirmed the importance of Miss H contacting them if she was unable to make the payments required by the arrangement.

Miss H didn't make the October 2022 payment, and she didn't contact Santander beforehand to discuss this with them. Santander wrote to Miss H in October 2022 about the missed payment asking her to contact them as a matter of urgency. But Miss H didn't respond to that letter. And Miss H also didn't respond to the default notice that Santander sent to her a few weeks later – because she'd failed to adhere to the repayment terms of the arrangement.

Miss H feels that it isn't fair that Santander defaulted her account after she missed just one payment on it. And she notes that she made a double payment the next month. But it must be remembered that Miss H's account was very close to being defaulted before she came to the payment arrangement with Santander in May 2022 – because she'd exceeded her previously agreed overdraft in December 2021 and because her agreed overdraft facility had been withdrawn by Santander in February 2022.

As such, I don't feel that it was unfair or unreasonable for Santander to have effectively considered the payment arrangement they agreed with Miss H in May 2022 to be a 'last chance' for Miss H to avoid the defaulting of her account. And I feel that the importance of Miss H staying in contact with Santander if she couldn't make a payment towards the arrangement was clearly and adequately confirmed to her by Santander.

Miss H has explained that she missed the payment because of a personal matter. I can sympathise with Miss H in this regard. But for the reasons explained above, I don't feel that the reason Miss H missed the payment should fairly influence the outcome here. This is because Miss H didn't contact Santander to discuss her circumstances with them when the payment was missed – which was Miss H's opportunity to have explained to Santander what had happened and to have potentially come to an alternative arrangement with them.

Miss H has also said that she didn't receive the letters Santander sent about the missed payment. But I'm satisfied that Santander sent those letters to Miss H's correct address. Of course, that doesn't mean that Miss H received those letters to her address. But this service wouldn't hold a business accountable for the non-delivery of correctly addressed letters, because the delivery of letters is undertaken by a postal service over which the business has no direct control. And, as discussed, Santander had explained to Miss H the importance of her contacting them if she couldn't make a payment when the arrangement was set up.

Finally, Miss H is unhappy that Santander have reported missed payments to her credit file in April and September 2022. This service can only consider points of complaint that have previously been referred to the business and which that business has had an opportunity to respond to. I can't see that Miss H has referred this aspect of her complaint to Nationwide previously so that they've had an opportunity to respond to it. As such, if Miss H remains dissatisfied about this point, I can only refer her to Nationwide to raise this matter with them.

All of which means that I don't feel that Santander have done anything wrong or acted unfairly here by following the process that they did – which ultimately led to the defaulting of Miss H's account – when Miss H failed to make the payment required of her in October 2022 and didn't contact Santander about it.

I realise this won't be the outcome Miss H was wanting, but it follows that I won't be upholding this complaint or instructing Santander to take any further action. I hope Miss H will understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 1 November 2023.

Paul Cooper
Ombudsman