

The complaint

Mr A complains that Santander UK Plc transferred his Student Account to an ordinary current account too early.

What happened

In September 2016, Mr A opened a Student Account with Santander. The account was to be classified as a Student Account for three years, then switch to a Graduate Account for two years, before becoming an ordinary current account in 2021.

In 2019, Mr A visited a branch to ask that the Student Account be extended to a further year along with the interest free overdraft which came with it. He believed that had been successful and continued to use the account as normal. In October 2021, Mr A noticed interest charges being applied so he complained. He also visited a branch in August 2022 to provide further documentation regarding his studies.

Santander looked into his complaint. It said the information Mr A had provided in 2019 hadn't been sufficient to extend his Student Account. It said it had written to him at the time to explain it needed more information to make the change. As it hadn't received the required documents, his interest free overdraft had ended in line with the terms and conditions of the Student / Graduate Account. It rejected his complaint.

Mr A didn't accept Santander's response, so he referred his complaint to us. One of our investigators looked into it. He said that Santander ought to have made it clearer what information Mr A was required to provide. Our investigator recommended that Santander should pay Mr A £200 for the distress and inconvenience he's encountered. He said that if Mr A provides Santander with the correct information, it should implement the extension to the Student terms and refund the charges and interest levied.

Mr A accepted what our investigator said but Santander didn't. It said it was happy to make the amendments to the account on provision of the appropriate information. But it seems Mr A was reluctant to obtain it as he'd need to contact his university to get it. As a result Santander was prepared to offer him £50. Mr A rejected this offer. As there was no agreement, the complaint has been passed to me for a 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.

There is no dispute that Mr A made a request in 2019 to have his account kept as a Student Account for an extra year. While his branch had accepted the documentation he provided at the time, Santander says it wrote to Mr A later to say the documentation he'd provided wasn't sufficient. It seems likely to me that Mr A didn't receive that letter or on balance, I think he'd have provided what was needed. That said, I'm satisfied a letter was sent, so I can't hold Santander responsible for it not being received.

When interest was first applied to his account in 2021, Mr A complained to Santander. It explained it needed further documentation in order to be able to change the account back. I note that after he raised his complaint and until August 2022 when it would have reverted to standard terms anyway, Mr A didn't pay any further interest as he managed to maintain the account in credit. Nonetheless, I accept he paid interest when he feels he ought not have done if the Student / Graduate terms had been maintained.

In August 2022, Mr A provided a copy of his degree certificate to have the terms retrospectively reapplied and receive a refund. Again, the branch accepted what he provided and reassured him the change would happen. But again the documentation was deemed insufficient by the bank for Mr A's request to be implemented.

In its communication to us, the bank has acknowledged that *"the problem was he went in to branch and they haven't clearly communicated to him what he needed to provide to show he was doing an extra year"*. I think this is the heart of the issue here. I can see that Mr A has provided details of his course to Santander on at least two occasions and each time it has been accepted by the branch only to be rejected later.

It's clear that Mr A has suffered some distress and inconvenience as a result of the incorrect information being given by the branch. Had it advised him correctly at the time, I think it's more likely than not that he'd have provided what was needed. Mr A would not have had the distress of finding he'd been charged due to his instruction not being complied with and he'd not have had the inconvenience of having to visit the branch more than once. So I think it's fair that Santander should compensate him for that inconvenience.

It's also clear that Santander doesn't yet have the documentation it feels is necessary to implement the change Mr A requested. Our investigator has explained to Mr A what is required, but he said he'd need to go to further lengths to obtain that information from the university as his online access has now closed. Santander has said that if Mr A is able to provide the documentation it requires, it will backdate his account, so I leave it to him to decide if he wishes to go down that route.

Overall, as I've said, Santander has misadvised Mr A on more than one occasion leading to distress and inconvenience. I think it should pay Mr A £200 in recognition of that.

My final decision

My final decision is that I uphold this complaint. Santander UK Plc should pay Mr A £200 for the reasons set out above. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 28 March 2024.

Richard Hale
Ombudsman