

The complaint

Miss V complains about overdraft charges and fees applied by Santander UK Plc to her 'Everyday' current account.

What happened

Miss V has two current accounts with Santander - an 'Everyday' account and a '123' account.

The former appears to be used to deposit Miss V's rental income of £400 per month. That money is then transferred almost immediately into her other account.

Miss V has an arranged overdraft of £400 on her 'Everyday' account. She complained to Santander about the overdraft charges being applied to that account, which were up to around £70 per month.

She asked Santander to refund all such charges over the previous six years. They said any charges had been applied fairly and in line with the terms and conditions of the account.

Miss V wasn't happy with this outcome and complained to us. Our investigator looked into it and thought Santander had done nothing wrong.

Miss V disagreed and asked for a final decision from an ombudsman.

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.

Miss V's account was opened in February 2017. And it was in credit until early 2018. It's only after mid-2018 that the account goes into un-arranged overdraft. So I'm unsure why she requested refunds over the previous six years (which would take us back to 2013).

Leaving that aside, the first thing I should say is that as a result of a Supreme Court ruling in 2009, we can't comment on the level of overdraft charges. We *can* however look at whether charges and fees are fairly and reasonably applied.

Santander are right to say the charges and fees applied to Miss V's account were in line with the terms and conditions, which Miss V accepted when she took out the account. They've also provided evidence that Miss V was regularly reminded of the charges that would be applied if she was in either an arranged or an un-arranged overdraft.

Santander's obligations didn't entirely end there, of course. We'd expect them to take action to help a customer if they suspected he or she was in financial difficulty. In some cases, that help might include waiving and/or refunding charges where appropriate.

It might indicate financial difficulty if an account goes persistently into un-arranged overdraft, with incomings insufficient to cover out-goings, and a spiral of increasing debt being the result.

This was the case with Miss V's account. And Santander did contact her in August 2018 to try to establish whether she was in financial difficulty and needed their help.

Miss V clearly told Santander she didn't need debt advice and that she simply had a "timing issue" with her direct debits (from one account to the other) which was causing her 'Everyday' account to go into un-arranged overdraft.

I can't say it was unfair or unreasonable at that point for Santander to take Miss V at her word and assume that no further action on their part was necessary.

I also have to take into account the background information provided by Miss V and Santander. In particular, Miss V has the other current account with Santander. She has an arranged overdraft on this account too. She appears to stay within the limit on that account and not go into an un-arranged overdraft.

Miss V has now said that she can avoid going into an un-arranged overdraft on either account by managing the amount of debt on each. So, I can't say the overdraft charges have pushed Miss V into an unavoidable spiral of debt.

It's also difficult to maintain any argument that Miss V is in financial difficulty bearing in mind that her rental income appears to be more than double her mortgage costs and she has a significant monthly income going into her '123' account.

So, in summary, I don't think Santander have treated Miss V unfairly or unreasonably in the way they've applied overdraft charges and fees to her account.

My final decision

For the reasons set out above, I don't uphold Miss V's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss V to accept or reject my decision before 17 January 2020.

Neil Marshall
Ombudsman