

The complaint

Mrs S is unhappy Santander UK PLC has charged her a fee for her account being overdrawn.

What happened

In mid-May 2019, Mrs S made a £12.50 transaction which caused her Everyday current account with Santander to fall into its overdraft. On the same day, Mrs S on seeing she had done this made a transfer to her account of £12.50. But Mrs S said the transfer didn't credit her account until the following day. And Santander charged her £1 because of this.

She complained to Santander who said the transfer was made after 4pm on the day and it was too late to be credited to Mrs S' account to prevent the overdraft fee. But, offered to pay Mrs S £10, not as a refund, but as a gesture of goodwill.

Mrs S wasn't happy with Santander's response as she had made payments later than 4pm before to her Everyday current account that had credited her account the same day. She said she'd accept the £10 offer but that Santander should also refund her the £1 fee. She referred her complaint to us.

Our investigator said Santander's terms and conditions said payments after 4pm couldn't be guaranteed to credit an account the same day. So didn't ask Santander to do anything more.

Mrs S said Santander's terms and conditions were inconsistent and didn't fit with their 24/7 banking model. She has asked for an ombudsman to decide.

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 done so, I'm not upholding this complaint. I'll explain why.

I can see Mrs S has an agreed overdraft with Santander and hadn't been charged a fee before the transaction she made in mid- May 2019. So I can understand her frustration in being charged a fee, no matter how small. And she transferred funds to her account on the same day as the transaction that took her into her overdraft was made.

I know Mrs S feels with today's banking model, her account should have been credited on the day she made it no matter what time this was. It's not for me to instruct Santander to change or implement processes, but to look at whether they have followed their processes correctly. In making my decision I have to determine whether Santander has acted fairly and reasonably in what they have done.

The Santander Everyday current account terms and conditions, say customers will be charged for using an agreed overdraft facility. And go on to say:

"We allow you time to manage your account so, if you should use an Arranged or Unarranged Overdraft, you will have until 4pm that day (Monday to Saturday) to pay money back into your account, with cleared funds, and move your balance back to an Arranged Overdraft or credit position"

Mrs S didn't transfer the funds she needed to move her balance back into a credit position until after 11pm on the day she went into her overdraft. As this was after 4pm I can't say Santander has done anything wrong by applying the fee.

So, I think Santander have acted fairly and reasonably in relying on their terms and conditions to not refund the overdraft fee.

I can see that Santander has paid Mrs S £10, which she has accepted. And I think Santander has been clear that this payment wasn't a refund for an error. But an acknowledgement of Mrs S being a valued customer of theirs.

I know Mrs S will be disappointed with my decision. But for the reasons outlined above, I'm not upholding this complaint.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 27 April 2020.

Anne Scarr
Ombudsman