

The complaint

Mr L complains that an automatic teller machine (ATM) machine failed to dispense the correct amount of cash and Santander UK Plc refused to refund the missing funds.

What happened

Mr L made two separate withdrawals from an ATM run by a third party. On both occasions, the machine failed to dispense the full amount he'd asked for.

Mr L reported the missing funds to Santander and on both occasions they told Mr L they'd temporarily credit his account with the missing funds while they investigated his reports. Mr L was told that if the ATM provider proved the cash was dispensed, the refunds would be taken back out of his account.

Santander asked the issuing ATM provider to send them evidence of what had happened when Mr L used the machine. On both occasions, the ATM provider sent Santander evidence that showed the cash was successfully dispensed to Mr L and there were no excess funds left in the machine – known as “overage”.

Santander wrote to Mr L and told him that because the ATM provider had confirmed the correct amount of cash was dispensed on both occasions, the temporary refunds he received would be taken back out of his account within 14 days.

The refunds were taken, leaving Mr L's account overdrawn for about a week. Santander recognised that Mr L could have had a better experience when he was dealing with them and awarded him £40 compensation.

Mr L was unhappy with how Santander dealt with his losses and their refusal to refund him. He brought his complaint to our service for an independent review which was looked into by one of our investigators. He thought the evidence Santander had relied on was sufficient for them to deny Mr L a refund and didn't uphold Mr L's complaint.

Mr L disagreed with the outcome and asked for a further review of the complaint which 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.

Mr L has complained about losses he suffered when he used an ATM machine which wasn't operated by Santander. The procedure for Santander to follow when they were notified of the problem by Mr L is to raise it with the operator of the ATM. Santander raised the losses with the operator and required them to provide evidence of the withdrawal.

ATM machines will usually produce detailed transaction and audit data every time someone uses the machine. They often record, amongst other things, the date and time, card number, how much was requested and whether it was taken from the machine.

Sometimes these machines don't operate properly though. In cases where there is a problem with the cash dispensed, the machine is designed to reflect that in the audit log. If the machine had failed to dispense the money to Mr L, I would expect to see that recorded in the audit data. The audit sent by the operator of the ATM shows, on both occasions, the successful withdrawal of cash requested by Mr L.

If the machine hadn't properly dispensed the cash, it would have more cash left in the machine than it should have - called "overage". The operator of the machine confirmed to Santander that there was no overage. That means the machine had dispensed the correct amount of cash to each person who'd used it, including Mr L. The data also shows successful withdrawals both before and after Mr L used the ATM. Because the audit data showed successful withdrawals and there were no excess funds left in the machine, I think Santander acted fairly and reasonably when they held Mr L responsible for the withdrawals. It follows that it was fair for them to take the temporary refunds back.

I recognise the removal by Santander of the first refund took Mr L's account into debit – meaning he had a negative balance on the account. Santander gave Mr L two weeks' notice of the removal which enabled Mr L to prepare for the refund to be taken from his account, which is what I'd expect them to do. As I've found that it was more likely than not that the ATM machine dispensed the correct funds requested by Mr L, Santander's temporary credit wasn't necessary and the resulting changes in the account were artificial – caused by Mr L's claim that the money wasn't dispensed. So, I don't think that Santander were responsible for causing the overdraft.

When Mr L raised the ATM dispensing problem with Santander, his chat conversation was cut off before he had a chance to respond to the advisor. Santander accepted they'd let Mr L down with their level of service and paid £40 as a gesture of goodwill for the service he received. This was a customer service failure and didn't have any lasting impact on Mr L, so I don't think an increase in this amount is necessary. I recognise it would have been frustrating for Mr L to have a conversation abruptly ended by the advisor and I think Santander's recognition of that with the payment of £40 was both fair and reasonable.

Whilst I'm sure Mr L will disagree with me, I've taken everything into account and my objective conclusions are that it was more likely than not that on both occasions, the ATM machine correctly dispensed the appropriate funds requested by Mr L. Santander paid an appropriate amount of compensation for their customer service failure and I won't be asking them to do anything further.

My final decision

My final decision is that I do not uphold this complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 4 November 2021.

David Perry
Ombudsman