

## **Complaint**

Ms W has complained that Santander UK Plc (“Santander”) unfairly continued applying charges on her overdraft which caused her financial difficulty.

## **Background**

One of our adjudicators looked at Ms W’s complaint and thought Santander should have realised Ms W was struggling by December 2014 at the very latest. He said that it needed to refund all the interest, fees and charges it added to Ms W’s overdraft from this point as result. Santander didn’t respond and so the complaint was passed to an ombudsman for a final decision.

## **My findings**

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Santander will be familiar with all the rules, regulations and good industry practice we consider when looking at whether a bank treated a customer fairly and reasonably when applying overdraft charges. So I don’t consider it necessary to set all of this out in this decision.

Having carefully considered everything provided, I also think Santander acted unfairly when it continued adding interest, fees and charges to Ms W’s overdraft from December 2014.

By this point, Santander would have seen that Ms W had been ‘hardcore borrowing’ for a number of months. In other words, Ms W’s account remained persistently overdrawn for lengthy periods while ever returning to credit. So I think that Santander ought reasonably to have realised that the facility wasn’t being used for its generally accepted purpose – short-term emergency borrowing - and taken steps to address this.

Overall I think that by December 2014 Santander shouldn’t have continued providing Ms W with an overdraft on the same terms and instead treated her with forbearance rather than adding even more interest, fees and charges on the overdraft.

All of this means that Santander should have realised that Ms W was struggling to manage her overdraft and offered her assistance. As Santander didn’t react to Ms W’s account usage and instead continued charging, I think it failed to act fairly and reasonably towards her.

Ms W ended up paying additional interest, fees and charges at a time when she was already struggling to repay what she owed. So I’m satisfied that Ms W lost out because of what Santander did wrong and that it should put things right.

## **Fair compensation – what Santander needs to do to put things right for Ms W**

Having thought about everything, I think that it would be fair and reasonable in all the circumstances of Ms W's complaint for Santander to put things right by:

- Reworking Ms W's current overdraft balance so that all interest, fees and charges applied to it from December 2014 onwards are removed.

AND

- If an outstanding balance remains on the overdraft once these adjustments have been made Santander should contact Ms W to arrange a suitable repayment plan for this. If Santander considers it appropriate to record negative information on Ms W's credit file, it should reflect what would have been recorded had it started the process of taking corrective action on the account from December 2014.

OR

- If the effect of removing all interest, fees and charges results in there no longer being an outstanding balance, then any extra should be treated as overpayments and returned to Ms W along with 8% simple interest† on the overpayments from the date they were made (if they were) until the date of settlement. If no outstanding balance remains after all adjustments have been made, then Santander should remove any adverse information from Ms W's credit file.

† HM Revenue & Customs requires Santander to take off tax from this interest. Santander must give Ms W a certificate showing how much tax it has taken off if she asks for one.

### **My final decision**

For the reasons I've explained, I'm upholding Ms W's complaint. Santander UK Plc should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 5 November 2021.

Jeshen Narayanan  
**Ombudsman**