

## **The complaint**

Mr P has complained that Santander UK Plc continued charging him excessive amounts for his overdraft when he was in financial difficulty.

## **What happened**

Mr P complained to Santander about the overdraft charges that had been applied to his account. Santander didn't uphold the complaint. And as Mr P was dissatisfied he referred the complaint to our service, explaining that he felt Santander had not done proper checks when increasing his overdraft limit and that this had contributed to his difficulties as well as the charges that were being applied.

Mr P's complaint was considered by one of our adjudicators. She thought that Santander ought to have realised that Mr P was experiencing financial difficulty by August 2016 and so shouldn't have added any more interest, fees and charges from this point onwards. Santander didn't agree so the case was passed to 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.

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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'm intending to find that Santander acted unfairly when it continued charging overdraft interest and associated fees from August 2016. By this point, it ought to have been clear that Mr P was in no position to sustainably repay what he owed within a reasonable period of time.

By this point, Santander ought to have realised that Mr P's use of his overdraft was unsustainable. From May 2016 Mr P's statements show evidence of significant gambling, and in May and June 2016 Mr P increased his overdraft limit 14 times. I think this pattern of increased borrowing and excessive gambling should have caused Santander serious concerns regarding how Mr P would manage his account going forward.

I note that Mr P was able to briefly repay his overdraft a few months later, but that seems to have been only because he had some wins from his significant betting, this was not a sustainable way to manage his account.

With all this in mind, I think it ought to have been apparent to Santander in August 2016 that there was a significant risk Mr P might have struggled to sustainably repay what he already

owed, and that he was also at significant risk of spiralling into further debt. So Santander should have stopped providing the overdraft on the same terms and treated Mr P with forbearance rather than charge even more interest, fees and charges on the overdraft.

Mr P ended up paying additional interest, fees and charges on his overdraft and this ended up exacerbating difficulties he already had in trying to clear it. So I think that Santander didn't treat Mr P fairly and he lost out because of what Santander did wrong. And this means that it should put things right.

### **Putting things right**

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

- Reworking Mr P's current overdraft balance so that all interest, fees and charges applied to it from August 2016 are removed.

AND

- If an outstanding balance remains on the overdraft once these adjustments have been made Santander should contact Mr P to arrange a suitable repayment plan for this. If it considers it appropriate to record negative information on Mr P's credit file, it should reflect what would have been recorded had it started the process of taking corrective action on the overdraft in August 2016.

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 Mr P 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 Mr P's credit file.

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

### **My final decision**

For the reasons I've explained, I'm upholding Mr P's complaint. Santander Bank 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 Mr P to accept or reject my decision before 1 December 2021.

Sophie Mitchell  
**Ombudsman**