

## **The complaint**

Mr L has complained that Santander UK Plc (“Santander”) continued charging him excessive amounts for his overdrafts when he was in financial difficulty.

## **What happened**

Mr L complained to Santander that it acted unfairly by continuing to apply charges to his accounts ending 1582 and 3864 when he was in financial difficulty. He said the extra costs made his overdrafts more difficult to repay. Santander didn’t uphold the complaint. And as Mr L was dis-satisfied he referred the complaint to our service.

Mr L’s complaint was considered by one of our adjudicators. They thought that Santander ought to have realised that Mr L was experiencing financial difficulty by 24 February 2019 and so shouldn’t have added any more interest, fees and charges from this point onwards. Santander disagreed, it says all charges were applied correctly in line with the terms and conditions of the accounts. 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.

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 on both Mr L’s accounts from 24 February 2019. By this point, it ought to have been clear that Mr L was in no position to sustainably repay what he owed within a reasonable period of time.

Mr L hadn’t seen or maintained a credit balance for an extended period of time on account ending 3864. The monthly arranged and unarranged fees applied by Santander were taking Mr L beyond his overdraft limit. Santander’s own literature suggests that overdrafts are for unforeseen emergency borrowing not prolonged day-to-day expenditure.

Although account ending 1582 had a modest overdraft of £50 I’ve considered both accounts as a whole.

So I think that Mr L’s overdraft usage should have prompted Santander to have realised that Mr L wasn’t using his overdraft as intended and shouldn’t have continued offering it on the same terms. As Santander didn’t react to Mr L’s overdraft usage and instead continued charging in the same way, I think it failed to act fairly and reasonably.

Mr L 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 L 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 L's complaint for Santander to put things right by:

- Reworking Mr L's current overdraft balance on accounts ending 1582 and 3864 so that all interest, fees and charges applied to them from 24 February 2019 are removed.

AND

- If an outstanding balance remains on the overdrafts once these adjustments have been made Santander should contact Mr L to arrange a suitable repayment plan for this. If it considers it appropriate to record negative information on Mr L's credit file, it should reflect what would have been recorded had it started the process of taking corrective action on the overdrafts from 24 February 2019.

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 L 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 L's credit file.

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

**My final decision**

For the reasons I've explained, I'm upholding Mr L'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 Mr L to accept or reject my decision before 25 November 2021.

Caroline Davies  
**Ombudsman**