

Complaint

Ms D has complained that Santander UK Plc ("Santander") unfairly added interest, fees and charges to her overdraft which led to her experiencing difficulty.

Background

One of our adjudicators looked at Ms D's complaint and thought Santander should have realised Ms D might have been struggling with the charges being added to her account by March 2019. So it needed to refund all the interest, fees and charges it added to Ms D's overdraft from this point onwards. Santander didn't agree 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 think Santander acted unfairly when it continued charging overdraft interest and associated fees from March 2019. By this point, it was evident Ms D had already got in touch to explain that she was struggling to pay the charges on her account and she made a formal complaint. And despite being asked to evidence what steps it took to help Ms D after this, Santander simply provided a copy of its final response and suggested it couldn't locate Ms D as customer. Crucially it hasn't provided anything to show that it did provide suitable assistance to Ms D.

So, bearing in mind what I've been provided with, I think that by March 2019 Santander should have stopped simply adding charges in the same way and on the same terms and instead treated Ms D with forbearance. All of this means that Santander should have realised that Ms D may have been experiencing difficulty paying the charges being added and offered her help to repay what she owed. As Santander hasn't shown me anything to demonstrate it reacted to Ms D's account usage and offered her assistance, despite being provided with a significant amount of time to do so, I'm not persuaded that it acted fairly and reasonably in this instance.

Ms D ended up paying additional interest, fees and charges at a time when, it appears as though, she was already struggling to repay what she owed. So I'm satisfied that Ms D 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 D

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

- Reworking Ms D's account balance so that all interest, fees and charges applied to it from March 2019 onwards are removed.

AND

- If an outstanding balance remains on Ms D's account once these adjustments have been made Santander should contact Ms D to arrange a suitable repayment plan, Ms D is encouraged to get in contact with and cooperate with Santander to reach a suitable agreement for this. If it considers it appropriate to record negative information on Ms D's credit file, it should reflect what would have been recorded had it started the process of taking corrective action on Ms D's account in March 2019. Santander can also reduce any overdraft limit on Ms D's account by the amount of refund if it considers it appropriate to do so, as long as doing so wouldn't leave her over her limit.

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 D 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 D's credit file. Santander can also reduce any overdraft limit on Ms D's account by the amount of any refund if it considers it appropriate to do so.

† HM Revenue & Customs requires Santander to take off tax from this interest. Santander must give Ms D 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 D'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 D to accept or reject my decision before 11 April 2022.

Jeshen Narayanan
Ombudsman