

The complaint

Mr F complains Citibank UK Limited has charged overdraft interest fees incorrectly. And they've failed to reassure him that the error has been rectified.

What happened

In 2020 Mr F said he'd incurred overdraft interest charges even though his account had been in credit. He complained to Citibank.

Citibank agreed he'd been incorrectly charged and refunded £148.72 for all overdraft interest charged to his account from April 2020 to October 2020. And offered to pay Mr F £75 for the distress and inconvenience this had caused. But in January 2021 Mr F again saw he'd been charged interest when his account hadn't been overdrawn. In July 2021 Citibank refunded Mr F £35.75. Mr F said he'd lost confidence in how Citibank were applying the interest charges to his account. He asked for Citibank to review his account for the previous five years to show his account had been correctly charged. Mr F said Citibank haven't shown how they'd calculated the interest on his account, so he referred his complaint to us.

Our investigator said Citibank had given some information about the interest applied to Mr F's account. She said they'd refunded some interest charged to Mr F but said they hadn't shown or given adequate reassurance that the interest had been correctly calculated for Mr F's account. She said this had caused Mr F distress and inconvenience as he'd lost confidence in Citibank and he's had to spend time trying to get the matter put right. To reflect this, she said Citibank should pay Mr F £200.

Mr F said Citibank still haven't provided the details he'd asked for. He asked for his complaint to be referred to an ombudsman to decide.

I issued a provisional decision in August 2022 that said:

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.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so I'm currently minded to uphold this complaint. I'll explain why.

The main crux of Mr F's complaint is that he's said he's incurred overdraft interest charges when his account had been in a positive balance. He's received a refund for some interest charges but has lost confidence in Citibank's ability to correctly calculate the interest being applied to his account. I can understand Mr F's frustration as he is now unsure as to whether these charges should have been applied or not. And I don't think it's unreasonable for him to seek reassurance that the interest is being calculated correctly.

I have reviewed the case and can see that Citibank accepted they'd incorrectly calculated

overdraft interest for Mr F's account and had refunded charges of £148.72 and £35.76. And Citibank has said that no additional fees were charged over the preceding five years. I can also see that Citibank identified the cause of the mis-calculated interest and the steps that needed to be taken to prevent reoccurrence.

Citibank has shown us the monthly overdraft interest they've charged to Mr F's account since January 2017. After Mr F queried the charges for times when his account was in credit, I can see Citibank refunded all the overdraft interest charged to his account from April 2020 to October 2020 - £148.72.

Since then Mr F's account has been charged interest on his account being overdrawn as detailed below:

18/11/20	19/12/20	19/01/21	16/02/21	19/03/21	18/04/21	19/05/21
25.63	0.61	22.62	46.29	21.64	42.16	44.93

18/06/21	19/07/21	19/08/21	18/09/21	19/10/21	18/11/21
51.20	39.45	51.00	47.79	55.89	49.15

In January 2021 Mr F again said his account had been in credit and didn't understand why he'd been charged £22.62 interest for that month. And I can see Citibank made a partial refund of interest in July 2021 for £35.75.

I can understand Mr F wanting a clear picture of what has happened on his account. Citibank said they'd identified why the miscalculation was happening, but I'm concerned that these steps aren't adequately in place as Mr F has again been refunded for incorrectly applied interest. So, I asked Citibank to show how the partial refund had been calculated. And what steps they're taking to make sure Mr F hasn't been financially impacted, showing how the interest charges have been calculated, what if any of this amount was incorrectly charged and any overcharge that is due or has been refunded with dates.

But Citibank haven't provided these details. While they've said there haven't been any additional fees added in the previous five years, I don't think they've been clear as to what constitutes additional fees and whether this differs from overdraft interest charges. And I'm not satisfied that the measures Citibank identified to prevent the interest being incorrectly calculated and added to Mr F's account have been put in place or are being actioned.

As Citibank haven't shown the interest charged is being calculated correctly, I'm not satisfied Mr F should have been charged any of the overdraft interest on his account.

As Mr F isn't sure his account is being correctly charged must be very worrying for him. And I don't think Citibank have given him adequate reassurance that his account is now correct. So, I agree with our investigator that this has caused Mr F distress and inconvenience.

Responses to my provisional decision

Mr F said he was pleased his complaint had been upheld, but that his primary goal was for Citibank to comply with their obligations as a UK bank.

Citibank haven't made any further representations for me to consider or provided any calculations to show that Mr F has been correctly charged interest on his account.

I can understand Mr F's frustration as Citibank haven't provided the reassurance about the interest, they've charged to the account he has with them. But this service was set up to

consider individual complaints, so it's not the role of the Financial Ombudsman Service to make findings about a business's wider practices or processes – that is something for the regulator, the Financial Conduct Authority (FCA) to do. Our service is impartial, we look at the evidence given by both parties.

My final decision

I uphold this complaint. And ask Citibank UK limited to:

- refund all overdraft interest charges added to Mr F's account from November 2020 to date less £35.75 unless they can show an accurate and detailed breakdown of how the interest has been calculated;
- confirm the measures, they'd identified are in place to prevent reoccurrence of incorrectly calculated overdraft interest; and
- pay Mr F £200 for the distress and inconvenience this has caused.

I'd expect Citibank UK Limited to pay the above compensation within 28 days of the date of us notifying them that Mr F has accepted the decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 28 October 2022.

Anne Scarr
Ombudsman