

The complaint

Mr D complains that Santander UK Plc ("Santander") transferred his graduate account to an everyday account and is now paying charges for the overdraft facility. Mr D says he was advised in a branch that the overdraft would remain interest free while he was a student until one year post study. Mr D wants Santander to clear his outstanding overdraft balance or refund the overdraft charges.

What happened

Mr D held a student account with Santander. The student account came with an interest free overdraft facility. Following this the account became a graduate account which continued to benefit from an interest free overdraft for a year and following that the overdraft would be interest free on the first £1,000 of the overdrawn balance.

Mr D completed his undergraduate course in 2020 and went on to do a post graduate course which ended in December 2021. Mr D noticed he was being charged overdraft interest around this time. Mr D says he visited a branch of Santander in July 2022 to query the charges.

Mr D says he was told he wouldn't be charged any interest as he was still a student and that following completion of his course, he would continue to benefit from the interest free overdraft for a year and then for a further 12 months provided his balance was kept below £1,000. Mr D said he provided his confirmation of student letter, but his account was still changed to an everyday account and he continued to be charged for the overdraft.

Mr D complained via webchat. Santander's adviser explained that it never received proof of Mr D being a student and that was why his account wasn't changed to a student account. Mr D again provided proof of study but this showed Mr D was a post graduate student and the adviser explained that Santander don't provide an interest free overdraft for post graduate students and that it can't extend accounts for post grad courses.

Mr D complained that he was told in branch something different. The advisor reconfirmed the eligibility of the student and graduate accounts and apologised if he was given mis-information. Although Santander had no record of what information Mr D was given when he visited its branch it compensated him £100.

Mr D was dis-satisfied with this and brought his complaint to this service.

One of our adjudicators looked into Mr D's concerns and reached the conclusion that Mr D's graduate account had been transferred to an everyday account in line with the terms and conditions of the account and that it was entitled to charge interest for a credit facility and didn't think the charges had been applied unfairly.

Mr D disagreed and so the complaint was passed to an ombudsman for a final decision.

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 hope that Mr D won't take it as a discourtesy that I've condensed his complaint in the way that I have. Ours is an informal dispute resolution service and I've concentrated on what I consider to be the crux of the complaint – our rules allow me to do that.

And the crux of Mr D's complaint is that he was given the wrong information regarding his eligibility for a student account and as a result has been charged for his overdraft unfairly. Before I go any further, I want to be clear in saying that I haven't considered whether the various amounts Santander charge for its products including overdraft facilities were fair and reasonable, or proportionate in comparison to the costs of the service provided. Ultimately, how much a bank charges for its products and services is a commercial decision.

So providing Santander notified Mr D of the change in his account from graduate to everyday account – which it says it did and has provided a copy of the letter sent in July 2022 - it isn't something for me to get involved with.

From what I understand Mr D graduated in December 2020. This meant for a further year he benefitted from having an interest free overdraft following which he would be charged on balances of more than £1,000. And this looks to be what has happened in Mr D's case, so I don't think Santander has treated Mr D unfairly as it looks like it has applied charges correctly in line with the terms and conditions of the account.

I accept Mr D was under the impression that he would be entitled to an interest free overdraft while he was a student – post graduate or not. But I don't think that this would've made a material difference to Mr D's financial situation as the change in what account was on offer was going to happen regardless of what Mr D thought. I'm also not persuaded that he was mis-informed in branch rather than him just mis-understanding.

In any case Santander has already compensated Mr D £100 for any mis-information provided and as I can't say for sure Santander did provide incorrect information and Santander isn't obliged to offer any particular product and hasn't charged Mr D incorrectly for his overdraft, it follows that I don't think Santander needs to do anything more.

My final decision

For the reasons I've explained, I do not uphold Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 17 August 2023.

Caroline Davies
Ombudsman