

## The complaint

Mr L complains about charges applied to his overdraft by The Co-operative Bank Plc (Co-op).

## What happened

The background to this complaint and my initial conclusions were set out in a provisional decision. I said:

*Mr L has a bank account with Co-op. In January 2024 Mr L applied for an overdraft with Co-op and it approved a limit of £60. Mr L contacted Co-op again in February 2024 and asked to increase the overdraft limit. Co-op went on to approve an increase to £200.*

*On 22 April 2024 Mr L contacted Co-op and explained he was experiencing financial difficulties and was unable to afford the overdraft charges applied to his account. During the call, the agent Mr L spoke with explained there were no additional charges applied for exceeding his overdraft limit and that Co-op applied interest for being overdrawn.*

*On 18 May 2024 Mr L spoke with Co-op again and said he was experiencing financial difficulties. Co-op also offered to freeze Mr L's account and restrict new spending on the overdraft. Mr L declined Co-op's offer to provide support by freezing his account. The agent Mr L spoke also explained that by agreeing to take an overdraft, he'd accepted that he would be charged interest on the balance each month.*

*On 30 May 2024, Mr L asked to increase his overdraft limit and Co-op approved a new limit of £320.*

*During this time, Mr L made a number of complaints to Co-op. Mr L complained about being charged for using the overdraft and also raised concerns about the amount of time he'd spent on calls with Co-op. Between 22 April 2024 and 15 May 2024 Co-op paid Mr L a total of £40 for the inconvenience caused by the call wait times. But Co-op didn't uphold Mr L's complaint about the overdraft interest it had applied to his account and said it was in line with the terms and conditions he'd accepted over the phone.*

*Mr L referred his complaint to this service and it was passed to an investigator. The investigator wasn't persuaded Co-op had made a mistake or unfairly applied interest to Mr L's overdraft balance and didn't uphold that part of his complaint. But the investigator felt Co-op's decision to increase Mr L's overdraft to £320 in May 2024 was unreasonable given he'd already advised he was experiencing financial difficulties. The investigator said Co-op should reduce Mr L's overdraft limit to £200 to resolve his complaint.*

*Co-op agreed with the investigator's findings but Mr L asked to appeal. Mr L said he wanted to keep the overdraft limit at £320. Mr L also said he hadn't signed a contract to take out the overdraft. As Mr L asked to appeal, his complaint has been passed to me to make a decision.*

## **What I've provisionally 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 understand our investigator upheld Mr L's complaint on the basis that they thought the decision to increase the overdraft limit to £320 was unreasonable. But in response to the investigator, Mr L's advised he wants to keep the overdraft limit where it is. And I note that Co-op's recently told us that whilst Mr L's complaint has been with us he's applied to increase the limit further. So whilst I agree that it was questionable for Co-op to increase Mr L's overdraft limit from £200 to £320, I think it's fair to take his request to leave the overdraft limit in place into account.*

*I also think it's reasonable to say that whilst Co-op did increase the overdraft from £200 to £320, it was a small increase. In my view, the new limit of £320 was still reasonable in the circumstances of Mr L's application and the data Co-op obtained about him. So whilst I note the investigator's recommendations, I haven't been persuaded to proceed on the same basis.*

*Mr L's complaints have focused on the charges Co-op applied to his overdraft. But the charges Mr L has complained about were actually interest that was applied due to the overdraft's outstanding balance. I've listened to Mr L's calls with Co-op, including the call where he originally agreed to open the overdraft. I've also reviewed the terms and conditions sent to Mr L by Co-op at the time. All the information provided to Mr L confirmed Co-op would charge interest on overdraft balances. And Mr L confirmed he accepted the terms and conditions and wanted to proceed with the overdraft. So as a starting point, I'm satisfied Co-op did clearly explain that interest would be applied to any overdraft balance Mr L built up.*

*I can see Mr L's made the argument that he didn't sign a contract or new credit agreement that said he agreed to pay interest for using the overdraft. But I'm satisfied Mr L confirmed he agreed during his calls with Co-op, as noted above. I haven't been persuaded that a lack of a signed agreement from Mr L means Co-op is unfairly charging interest on his overdraft balances. I'm sorry to disappoint Mr L but I'm satisfied the interest Co-op has applied to his overdraft is in line with the terms and conditions he accepted. I haven't been persuaded Co-op treated Mr L unfairly.*

*In addition to the above, in 2009, the Supreme Court ruled that overdraft fees can't be challenged on the grounds that they're unfair or too high. So, while I understand Mr L feels the interest or charges applied are unfair, I'm not telling Co-op to refund charges on this basis.*

*Mr L's explained he wants Co-op to refund the interest applied to his overdraft due to financial difficulties. When a customer's experiencing financial difficulties, businesses are obliged to treat them positively and sympathetically. But that doesn't mean businesses need to refund all interest applied. I've looked at what Co-op did when Mr L notified it about the financial difficulties he's experienced to see if it treated him fairly.*

*I've listened to Mr L's calls with Co-op. Whilst I don't doubt what he said about being in financial difficulty, I think it's fair to say Mr L rejected all offers of support from Co-op. During the calls, Co-op offered options like freezing the account so no further interest would be incurred. But Mr L didn't take the offers of support up and said he just wanted the charges removed from his overdraft. Whilst I understand Mr L's view, I'm satisfied the offers of support from Co-op were reasonable based on what he was saying about his circumstances. Ultimately, I'm satisfied Co-op made Mr L aware it could offer support whilst he was*

*experiencing financial difficulties. But Co-op couldn't force Mr L to take it up on the offers of support it made to him.*

*From what Mr L's said, it appears he would like Co-op to provide the overdraft on an interest free basis. But that was never an option or something Co-op agreed to. If Mr L remains in financial difficulties and is struggling with the overdraft interest applied by Co-op he has the option of discussing his account and the type of support it can offer. But, for the reasons noted above, I'm satisfied Co-op has offered positive and sympathetic support to Mr L. I haven't been persuaded that Co-op treated Mr L unfairly after he explained he was experiencing financial difficulties.*

I invited both parties to respond with any additional information or comments they wanted me to consider before I made my final decision. Neither party responded.

### **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.

As no new information has been provided, I see no reason to change the conclusions I reached in my provisional decision. I remain of the view that Co-op has correctly applied interest to Mr L's overdraft and dealt with his complaint fairly, for the same reasons.

### **My final decision**

My decision is that I don't uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 15 November 2024.

Marco Manente  
**Ombudsman**