

The complaint

Miss C complains that Santander UK Plc gave her incorrect information in relation to her overdraft facility.

What happened

Miss C took out an account with Santander that had an overdraft facility; the account was initially a student account that didn't attract interest.

Miss C says she contacted Santander to ask about the overdraft – that's because her personal situation was due to change, and she wanted to ensure that she was spending the money she had on the right thing. Essentially, she wanted to avoid paying interest on the overdraft. Miss C says that she was told that she wouldn't incur any interest on her account unless she went into the overdraft by more than £2,000.

Miss C then started incurring interest on some of the balance – based on what she'd been told, she wasn't expecting this. And at this point, she says she was no longer in a position to repay the overdraft amount to avoid incurring more charges.

Santander responded to Miss C's complaint and accepted that she had been misadvised about what interest would be applied to her account. And because of this, it agreed to refund three months' worth of interest charges which totalled £86.55. Unhappy with this, Miss C referred her complaint to this Service.

An Investigator considered the evidence provided by both parties, but they felt that Santander had already done enough to put things right. In summary, they accepted that Miss C was provided with incorrect information during the call, but as part of the call, Miss C also explained that she couldn't afford to reduce her limit, so they didn't think better information during the call would have led to a different outcome. The Investigator also explained that the payments Miss C had made to the account were to prevent it from becoming dormant as opposed to a repayment plan to repay the balance. Overall, the Investigator felt that Santander's resolution to the complaint, to refund interest charges of £86.55, pay an additional £100 compensation for it having not called her back when it said it would and logging a complaint for her was enough to put things right.

Miss C didn't agree with the Investigator's view. So, the complaint has been passed to me to decide on the matter.

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.

Having considered all of the evidence available, it is my decision that Santander has already offered enough to resolve this complaint. I appreciate this decision will be very disappointing to Miss C, as I can see how strongly she feels about what's happened, however I will explain how I have reached my outcome below.

I have read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Miss C's complaint in far less detail than she has. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

The crux of Miss C's complaint here seems to be that as a result of misinformation from Santander, she has incurred interest charges, that she says she wouldn't have got if she had been provided with the correct information. That's because, she says she would have taken action to reduce the balance of the debt to remain within the interest-free overdraft amount.

I have listened to the call Miss C had with Santander on 8 July 2024. During the call, she is provided with incorrect information about the interest that would be applied to the account. Based on this call alone, I can understand why Miss C would likely think that she wouldn't be charged interest. I think this is accepted by all parties.

So, what I need to decide on now, is what Miss C's losses here are. Essentially, I'm required to determine what is likely to have happened if Miss C had been provided with the correct information during this call, and I'm sorry to disappoint Miss C, but I'm not persuaded that ultimately, the position of her account would be different.

Miss C says she relied on the information provided in the call, and because she thought she wasn't going to be charged interest on the overdraft, she used her money elsewhere for other commitments. But, during the call, Miss C refers to the letter she received about the interest due to be charged on balances over £1,000. She said at this time that she couldn't afford to reduce her balance to this amount. So while I accept that Miss C was provided with incorrect information during the call, I'm not persuaded that the correct information would have changed the situation with Miss C being charged interest on some of her balance, as she wasn't in a position to reduce the balance at that time to keep in within the interest free amount.

I do however accept that the misinformation deprived Miss C of the opportunity to mitigate the situation her account was in – because of the wrong information she got, she says she didn't make enquiries into how she could repay the debt. I'm of the view that Santander's offer to refund three months' worth of interest charges, is enough to recognise that Miss C was deprived of this opportunity. I say this because Miss C should have been aware in October 2024 that her account had become interest bearing on some of the balance, and therefore she had the opportunity at this point to make arrangements to avoid paying further interest if that's what she wanted to do. I note that Miss C's financial position has significantly changed during this time, and so she says she is no longer able to make those arrangements. But I don't think I can fairly hold Santander responsible for her unexpected change in situation.

In order for me to be persuaded that Miss C's situation would have been different had she been given the correct information, I'd need to find it more likely that Miss C would be able to obtain the funds to repay the (approx.) £1,000 to put her overdraft in the interest-free amount. I haven't seen any evidence that persuades me of this. Miss C has said herself on the call that she couldn't repay the amount, and in her more recent correspondence to this Service she's said she 'may' have been able to begin making repayments to the overdraft. So overall, I don't think it likely Miss C would have been able to avoid paying interest on the overdraft, even if she had been given the correct information. And as I've explained, I think

Santander's refund covering three months' worth of interest charges is enough to put things right here.

Miss C says she was also provided with misleading information about what she would be required to pay into the account – for example, she was told to pay differing amounts by different agents. While I accept that this would be confusing, I can't see how this has impacted her position with the account. I say this because Miss C didn't make any credits to repay the balance after around October 2024 – while some credits entered the account, these appear to have been done to keep the account within the overdraft limit as other transactions left the account. So even if I accept that the information Miss C received about what she was supposed to pay into the account was misleading, she hasn't made any payments to reduce the balance, so I don't think any misleading advice in relation to this has affected her position, or that she's lost out as a result.

Both parties have agreed that some of the service Miss C has received hasn't been to a satisfactory standard. As a result, Santander has offered Miss C £100 to put this part of her complaint right. I think this is fair in the circumstances. I'm persuaded that the issues Miss C has raised would have caused her distress and inconvenience, but taking into account this Service's approach to compensatory awards and considering I'm not persuaded that the poor customer service hasn't impacted the overall position of Miss C's account, I'm satisfied the £100 is enough here.

I note that Miss C has explained more about her financial situation at present, and that she can't at the moment afford to make repayments to the overdraft. In these circumstances, I would expect the parties to come to an agreement and discuss a way forward with the account. I would expect Santander to treat Miss C positively and sympathetically. I haven't considered this element as part of this decision, as I can see that things have developed since the complaint has been with this Service. However, I note that Santander has recently said it would refund £110.61 as a result of charges applied to her account since the complaint has been with this Service. I make no finding here on what I think about this – any concerns Miss C has about how Santander treats her in relation to setting up a repayment plan, or about the interest refund should be considered in a separate complaint if she is unhappy with how Santander proposes to support her.

Miss C has also asked that I consider asking Santander to remove the negative impact to her credit file and writing the debt off. I see no reason to order Santander to do this as part of the specific issues initially raised as part of this complaint, for the reasons I've already explained. However, if Miss C remains unhappy with how Santander propose to support her in relation to repaying the outstanding debt, then she can make this complaint to Santander in the first instance.

Clearly Miss C has been through a very difficult time over recent years. I don't in any way wish for this decision to downplay or disregard what she's told us about what she's been through. But being independent means I must take a step back, and consider the information provided by both parties when coming to an outcome. And having done so, while I accept that Santander has got things wrong, I'm satisfied that it's offer on how to put things right is enough to compensate Miss C here.

My final decision

Santander UK Plc has already made an offer to pay £100 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Santander UK Plc should pay £100, if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 13 November 2025.

Sophie Wilkinson
Ombudsman