

complaint

Mrs C complains that the fees Santander UK Plc (Santander) charged her when she went into unarranged overdraft are unfair.

background

Mrs C had a bank account with Santander which didn't have an arranged overdraft facility. In July 2017 Mrs C's account became overdrawn when a payment she made to a hotel (the transaction) debited her account and she didn't have sufficient funds.

Because she then went into an unarranged overdraft Santander applied charges which it says were in line with the terms and conditions (TC's) of the account. Those charges totalled £240 in all and were made up of;

On the 18 October 2017 a £95 unarranged overdraft fee,
On the 18 September 2017 a £75 unarranged overdraft fee and 2 x £10 transaction fees,
On the 17 August 2017 a £30 unarranged overdraft fee and 2 x £10 transaction fees.

Mrs C said that as she didn't have an overdraft facility at all she thought Santander shouldn't have authorised the transaction. She also thought that Santander shouldn't have allowed the payment to go through when they knew there were insufficient funds in the account. And Mrs C complains that she didn't receive pre-notification of the charges.

Santander doesn't think it has done anything wrong because it charged Mrs C in accordance with the agreed TC's of her account.

It also said it had reviewed Mrs C's online usage of her account noting she had been able to access her account via the online banking facility. And she had actually logged into her account through online and mobile banking on a number of occasions. It said Mrs C had access to her monthly statements which set out any charges which had been applied, and any forthcoming charges. However as a gesture of goodwill it refunded £95.00 to Mrs C.

Our investigator looked into Mrs C's complaint and thought that Santander had correctly applied its charges in line with its TC's and didn't think it had done anything wrong.

Mrs C disagreed. She thinks the charges are unfair and wants a refund. She also said that Santander reduced her overdraft facility over time from £200 to zero and said it hadn't been properly explained to her that an unarranged overdraft could be created. So her complaint has come to me 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. I have summarised matters quite briefly but that is because we provide an informal service. So if I haven't mentioned something it is not that I've overlooked or ignored it, rather that I think it hasn't been relevant to the issues I need to consider. This approach is consistent with what our governing legislation requires of me, and lets me focus on those issues which I consider a fair outcome will turn, and not to become distracted by those which are peripheral.

I will not repeat our investigators background summary since it is accurate and full. I understand Mrs C feels Santander should not have allowed the transaction payment to go through. But Santander was entitled to treat that transaction as a request for an unauthorised overdraft. And by undertaking the transaction Mrs C was taking the chance that the payment would be authorised in the knowledge that it would take her account overdrawn.

Mrs C says the charges are unfair and astronomical. Our investigator set out the position regarding fees and charges and there is very little I can add. Other than to say the Supreme Court decided that fees and charges can't generally be challenged for unfairness - provided they are set out in the terms and conditions.

I've read the key facts document that relates to Mrs C's account and section in 6.1 explains what an unarranged overdraft is and what will happen if the account goes below zero even when a customer doesn't have an arranged overdraft. It also states what charges will apply. Section 6.3 also states when an unarranged overdraft will be applied.

So, like our investigator I think that in addition to the key facts document setting out how and when charges might be applied, as Mrs C had also previously received charges she must have been aware of the likelihood of charges being applied if she went overdrawn.

I think it is correct to say that Mrs C didn't receive any notification of the charges in advance but as she was not signed up to receive such notices than I can't say Santander have done anything wrong. I also note that Mrs C could view her statements online and through mobile banking and so she was able to look at the charges when she logged on.

I understand that Mrs C will be very disappointed by my decision but I do not uphold her complaint as I do not think Santander has acted unfairly.

my final decision

For the reasons given above, I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 7 April 2018.

Jonathan Willis
ombudsman