

## **complaint**

Mr D complains that Santander UK Plc withdrew the overdraft facility for his business account without notice.

## **background**

Mr D is a sole trader, trading as Company C, and had a business account with Santander which included an overdraft facility. The overdraft was renewed with the bank incurring a £50 arrangement fee. Sometime in early September 2017 Mr D discovered that the overdraft facility had been withdrawn by Santander. Mr D said the bank demanded payment of the outstanding overdraft balance which he paid by cheque dated 8 September. He then subsequently complained to Santander in a letter dated 27 September. The bank acknowledged receipt of this letter. Mr D then followed up his complaint with a further letter dated 10 October.

Mr D was unhappy because the bank had withdrawn the overdraft without discussion, consultation or agreement with him. It also failed to acknowledge repayment of the overdraft or confirm closure of the account. He said that his business was left without banking facilities which put him and the business at risk of breaching professional regulation. He asked for a closing statement, a full explanation and compensation for the loss of the facility and disruption to the business.

In its final response letter, dated 16 October, Santander acknowledged that the removal of the overdraft facility had been either a human or system error. It reapplied the overdraft to the account, reversed the unarranged overdraft charges which had occurred and credited the account with £150 which it said was an apology for the poor service.

Mr D also complained to the ombudsman service. The investigator felt that the bank had acted reasonably in awarding Mr D £150 but he also asked the bank to refund one of the £50 that had been deducted as the overdraft arrangement fee. The bank said that it had only charged one fee and so the investigator revised his opinion and thought that the bank had acted fairly.

Mr D was not happy. He said that the bank would not have continued the overdraft facility into another year in August without first having debited the arrangement fee and he wanted to know what had happened to the June 2017 bank statement. In addition Mr D complained that Santander was arguing about only £50 despite having admitted it was at fault.

## **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 realise this will come as a disappointment to Mr D but I do agree with the investigator and for the same reasons.

I appreciate that this situation has been frustrating for Mr D and I can understand his strength of feeling in this matter. Santander has accepted that it made an error in removing the overdraft facility so it's left for me to decide whether it made any further errors and if the remedy offered is fair and reasonable.

Mr D renewed the overdraft agreement with the bank for a charge of £50. I haven't seen any correspondence between Mr D and Santander about this arrangement but I've seen the bank records for the history of the overdraft from 30 July 2016. I can see that the overdraft was registered on 1 August 2016 and was cancelled over night between 1 and 2 August 2017. I can also see that it was renewed on 9 October. Mr D has said that Santander wouldn't have continued with the overdraft without deducting the fee and I agree. But the facility had been for one year and it was cancelled exactly one year later. Therefore it does appear that though the bank said it would allow an overdraft for another year it failed to actually apply it so no fee was charged, despite saying it would be. Mr D has said that the arrangement fee was deducted from the account. I've looked at July and August statements and no arrangement fee was deducted. Mr D has asked me to look at the June statement. But I'm not persuaded this is necessary as the fee would've been due on or around 1 August when the overdraft was due to be applied so the charge would not apply in June.

On learning that the fee in August hadn't been applied the investigator revised his opinion. My role is to decide what is fair and reasonable with respect to both parties. As the fee wasn't deducted it would be unfair for the investigator or me to ask Santander to refund it.

In his complaint to the bank on 27 September Mr D said that his business had been left without a bank account and/or banking facilities. But this does not appear to be the case. I haven't seen the correspondence from the bank to Mr D requesting that the overdraft be repaid so I don't know whether the bank indicated that it would close the account in this letter. But from the evidence I have seen the only error the bank made was to withdraw the overdraft facility. I'm not persuaded the bank intended to close the account so I don't believe that Company C was left without a bank account.

Mr D has also told us that he *variously* requested that the account be closed and that the account should have been closed "*in accordance with my written instruction to the bank of 27 September*". In this letter, in addition to saying that Company C had been left without an account Mr D wrote that he required a closing statement and compensation for the loss of the account. My own interpretation of Mr D's complaint letter is that Mr D assumed the account was closing and so requested a closing statement and compensation. As I'm persuaded the bank had no intention of actually closing the account I can understand why the bank hasn't taken Mr D's comments as a specific request to close the account.

Mr D believes that the bank has deliberately kept it open, against his wishes, and renewed the overdraft he didn't request, charging a further £50 administration charge. I don't agree with Mr D that the bank kept the account open against his wishes for the reasons stated above. Santander has accepted that it made an error in withdrawing the overdraft. Mr D brought this to the bank's attention on 27 September in his complaint letter. The bank reinstated the overdraft by 9 October so it charged a fee. Although it appears this was a second fee, I believe it is the only fee that was deducted from Mr D's account. I don't agree that this was against Mr D's wishes. In his letter of 27 September Mr D has said that he had agreed the overdraft for 2017/2018. So I'm satisfied that the bank was reinstating the overdraft it had agreed but mistakenly removed.

In the weeks after Mr D complained to both the bank and this service he wrote to Santander and requested the account be closed and the bank responded to this request in a timely way.

Mr D has indicated that he's not happy with the way the bank has responded to his complaint of 27 September. Although it's not my role to look at the bank's complaints

process it does appear to me that that Santander acknowledged Mr D's initial complaint in a timely manner, 4 October, and apologised for its error and put things right with a final response letter on 16 October. But I do think it would've helped Mr D's understanding of the problem if Santander had explained in its final response that it hadn't had any intention to close the account.

Santander has refunded the unarranged overdraft charges for the period concerned and paid £150 compensation to Mr D for the inconvenience. I understand Mr D's frustration but I do believe that this is a fair and reasonable remedy and what I would expect in these circumstances. So I won't be asking Santander to do anything further.

### **my final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 8 April 2018.

Maxine Sutton  
**ombudsman**