

complaint

Ms A complains that Santander UK plc removed the overdraft on her current account without notice, and then made administration errors which caused her to incur charges with third parties.

background

In September 2010, the overdraft Ms A had on her current account with Santander was withdrawn in error. In recognition of this error, Santander provided Ms A with a temporary overdraft and suspended interest and charges on her current account.

Santander's provision of the overdraft was due to be reviewed in December 2010 and at this time the bank decided that it would no longer be willing to give Ms A the overdraft facility. It therefore asked for the amount of the overdraft to be repaid.

It agreed a repayment plan with Ms A, where she would pay a set amount each month towards the outstanding balance of the overdraft. But Ms A found that she could not afford to meet these repayments. Santander therefore agreed to accept lower repayments for six months, which would increase after that time.

However, in October 2011, Ms G telephoned Santander to say that because of unforeseen circumstances, she would not be able to afford the higher payments due from December 2011. Santander said that she should seek advice on her financial situation from a third party debt advisory service. It said that it had already agreed to accept reduced payments once, and would not be able to reduce them again. It said that she would need to cancel her outgoing payments from the account if she could not afford to meet the repayment plan.

Santander then made an error with Ms A's account, as it took the higher payment one month early and cancelled some of Ms A's external direct debits. When Ms A contacted Santander about this, it apologised for the error and agreed to reinstate the cancelled direct debits. However, one was not reinstated correctly and this caused Ms A to be charged £40 by the beneficiary for missed payments.

Ms A complained about the service that she had received, and of the attitude and actions of the member of staff she spoke with in October 2011. Santander acknowledged Ms A's complaint and said that no discourtesy had been intended. It confirmed that it had agreed an ongoing repayment plan for the overdraft with Ms A and that all charges had been suspended on her account.

Our adjudicator recommended that the complaint should be upheld. She said that Santander had not shown that it gave Ms A notice that it intended to remove her overdraft nor did it explain the consequences of this. She was unable to agree that Santander had responded positively and sympathetically to Ms A when she explained her financial difficulties as she was told the only option was to seek third party advice. The adjudicator said that increasing the repayment earlier than agreed caused Ms A distress and placed her under financial pressure. She also acknowledged that the error in cancelling Ms A's direct debits caused her problems and charges with the beneficiary. The adjudicator therefore recommended that Santander pay Ms A £300 to reflect the distress and inconvenience caused by the situation and Santander's errors.

Santander did not accept the adjudicator's findings. It said that it had ensured that Ms A was not disadvantaged by the error in removing the overdraft, as it had provided her with a temporary facility on her account, and suspended charges and interest for this. It acknowledged that Ms A's direct debits had been cancelled and reinstated, but that one was not. Overall, it offered to pay Ms A £45 for its errors and the inconvenience these caused Ms A, and also to reimburse the £40 in charges she had incurred.

The adjudicator did not consider this offer to be reasonable in the circumstances.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

It is clear that Santander has made a number of errors in dealing with Ms A's current account, starting with the removal of her overdraft without notice.

However, I accept that, in providing Ms A with a temporary overdraft facility with no charges or interest being applied, Ms A does not appear to have been financially disadvantaged by this.

Santander has explained that Ms A's overdraft was due to be reviewed in December 2011, even if the error in its removal had not happened. After considering Ms A's financial situation at that time, Santander then made the decision to no longer provide Ms A with an overdraft facility.

The terms and conditions of Ms A's account allow for Santander to change the overdraft limit or require its repayment at any time. These terms say that it will usually provide 30 days' notice of this intention, but it may change the limit or ask for repayment without advance notice if it is reasonable to do so.

As the initial removal of Ms A's overdraft was done in error, no notice was provided. And although it would seem that no formal notice of the decision not to continue to allow her this facility was given when it was reviewed, she was aware of the situation from the error. Also, the repayment plan for the overdraft did not begin until February 2011.

Ms A took steps to be proactive when she told Santander about the financial difficulties that she was experiencing. It was not the case that she did not wish to make any repayments, but she could not meet the increased amount at that time.

Santander had agreed a repayment plan with Ms A, and also accepted a reduction to this when she had unexpected personal expenses. Having listened to the recording of Ms A's telephone conversation with Santander's advisor in October 2011, I agree with the adjudicator that more assistance or advice could have been provided to Ms A rather than simply referring her to a third party debt advisory service which Ms A said that she had not spoken to before.

It was following on from this conversation that the increased repayment was changed to be taken in November 2011, rather than December 2011 as Ms A had agreed. A number of her outgoing direct debits were also cancelled.

Although these were later mostly reinstated, one was not. Santander has now agreed to refund the two £20 charges Ms A incurred to her.

Overall, Santander has accepted that errors have been made in the administration of Ms A's current account. I acknowledge its actions with regards to the removal of the overdraft, and the suspension of interest and charges. However, I do consider that Santander could have done more to assist Ms A with the situation caused by its decision to no longer provide her with an overdraft facility. Santander has explained that the maximum term for a reduced repayment plan was 24 months. I understand that Ms A's plan was first agreed in February 2011, so it is possible that it could have given some consideration to helping her when she telephoned in October 2011.

I am also mindful that Ms A first made her complaint to Santander about the situation in November 2011. Although her complaint was acknowledged, and she wrote again in March 2012 to say that she still had not heard anything, Ms A does not appear to have had a substantive response to her complaint until July 2012.

In all the circumstances, having regard to the errors made, the delay in addressing her complaint, and the likely distress that this will have caused to Ms A, I find a total of £300 to be fair compensation. This is to include the refund of the £40 of charges.

my final decision

My decision is that I uphold this complaint. In full and final settlement, I order Santander UK plc to pay (*not credit*) Ms A £300.

Cathy Bovan
ombudsman