

complaint

Miss S says Santander UK Plc increased her overdraft more than once without her consent, and then asked her to repay it in full. It also repeatedly applied fees and charges leaving her in financial difficulties. She wants all interest and charges refunded.

background

In 2007 Miss S's overdraft was £700. When the bank contacted her in November 2008 about repaying this, a monthly payment plan of £40 was put in place and her limit was systematically reduced until the authorised overdraft was removed in December 2009.

In September 2010 Miss S told the bank she was having financial difficulties. By February 2011 Miss S had an unauthorised overdrawn balance of £256.72. She began to bank elsewhere and the debt was passed to a third party collections agency. It later defaulted.

When Miss S complained to Santander, the bank said it should've done when Miss S told it she was having financial difficulties. So it recalled her account from the collections agency, wrote-off the full balance and arranged for the default information to be removed from her credit file. Miss S said this wasn't enough. She wants all historical interest and charges refunded.

Our adjudicator didn't recommend the complaint should be upheld. He said the bank's offer was reasonable, and that:

- the bank had no records of how Miss S's overdraft was approved (this wasn't unreasonable given it was nine years ago) but on balance he felt it was most likely the required notice was given;
- the £40 monthly payment plan showed the bank acted positively to help and to reduce the interest and charges Miss S was paying; and
- the bank could've done more when Miss S told it about her financial difficulties – but its offer to now write-off the debt and remove the default from her credit file was a fair settlement.

Miss S disagreed. She said she should never have been allowed £700 overdraft given her income, the bank just kept increasing it and then adding charges which caused her hardship. She should get back a lot more.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete (as some of it is here), I've based my decision on the balance of probabilities – in other words, on what I think is most likely to have happened in the light of the available evidence and the wider circumstances. Having done so, I've reached the same conclusion as the adjudicator and for the same reasons.

I can't find enough evidence to conclude Santander increased Miss S's overdraft without her knowledge or consent. I do accept this is Miss S's recollection, but I have to consider the time since it happened. And also the bank's testimony that overdraft increases were only ever done on a customer's request - and after reviewing a customer's circumstances and credit file.

So on balance, I think it's most likely Miss S asked for the increases, and the bank notified her when it approved her requests. I can understand she might not remember this given it was nine years ago.

Miss S has told us she couldn't afford the £40 payment plan, but I note she stuck to it - and the bank records don't show she asked for it to be reduced, or complained about it at the time. So I can't see the bank did anything wrong there.

As Santander concluded, it should've done more to help Miss S from the date she told it about her financial difficulties. But I think what it has done since is fair, and sufficient. All charges that were applied were done so in line with the terms of Miss S's account, and there were also a number of occasions when the bank did refund charges for Miss S. Overall, based on the terms of its offer set out in its final response letter, I think it has now met its obligation to treat customers in financial difficulties positively and sympathetically.

my final decision

My decision is I don't uphold this complaint. Santander need take no further action: it should of course ensure it's done what it committed to in its final response letter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 30 August 2016.

Rebecca Connelley
ombudsman