

## **complaint**

Mr G complains that Santander UK Plc unfairly applied charges to his account. He wants Santander to take off the charges and remove the adverse information that's been recorded on his credit file.

## **background**

Mr G's current account didn't have an arranged overdraft limit, but it had a £12 buffer zone where no charges would be applied if he went overdrawn.

On 25 July 2016, Mr G's account was £2.83 overdrawn following a card transaction. A direct debit payment was due to go out the same day. This wasn't paid because Mr G didn't have the funds available. Santander applied a £10 charge for the direct debit being returned. This took Mr G's balance just outside of his arranged buffer zone. Santander applied a £6 charge for every day that the account was in an unplanned overdraft. At the start of October 2016, Santander wrote to Mr G to say that his outstanding balance was around £170.

Mr G complained to Santander about the charges. He felt the bank should've contacted him about the outstanding balance sooner and he was concerned about his credit file. Initially Santander told Mr G that it wanted to discuss compensation with him. Then Santander said that the charges had been applied in line with the terms and conditions of the account. It said that Mr G would've received notification of the charges in his online statements. It cancelled the charges that were due to debit the account in October as a gesture of goodwill.

Mr G wasn't happy with what Santander said so he complained to us. Our investigator sympathised with Mr G but didn't think that Santander had applied the charges incorrectly. She pointed out that Mr G had signed up for online statements. And she considered that Santander had to report a true and accurate position of the account's status to the credit reference agencies. She recognised that Santander had raised Mr G's hopes by writing to him to discuss compensation. So she suggested that Santander should acknowledge this. It agreed and offered him £50.

Mr G disagreed and asked for the complaint to be reviewed. In summary, he said that he'd told Santander more than once that he found online banking difficult to access. He felt that Santander ought to waive these charges and remove the information it has recorded on his credit file. He feels all of the charges should be removed and that Santander should apologise and offer more compensation.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've come to the same conclusions as our investigator. I know my decision is going to disappoint Mr G, so I'll explain why.

A case decided in the Supreme Court means that I can't consider whether these sorts of charges are too high or are unfair. I can only look at whether they have been applied wrongly. I've looked carefully at Mr G's transaction history. The charges applied to Mr G's account have been for the use of an unplanned overdraft – in other words, when he's exceeded the agreed buffer limit. And the charges have been added in line with the terms

and conditions of Mr G's account – so I can't say that Santander applied the charges incorrectly.

Mr G says that Santander should've told him about the charges sooner so that he could've done something to stop them from continuing to accrue. And Santander does have to give advance notice of the charges to be debited. But it says that Mr G was told about these charges on his bank statements - which he had opted to access online.

From what I've seen of Santander's records, Mr G requested and reset his online banking access a few times in recent years. I've thought carefully about what Mr G said about contacting Santander by phone a number of times between 2014 and 2016 to tell it about finding online banking being difficult to access. I've looked at Santander's records and there's no record specifically of these calls. It's possible that notes weren't made. But given that Mr G continued to reset his online banking, I don't feel that he's done enough for me to be able to say that Santander ought to have changed Mr G's statements back to paper. Mr G would've needed to clearly indicate to Santander that this is what he wanted to happen.

I've also noted that Mr G had been using the account regularly right up to when the direct debit was returned unpaid. His account had been well managed, so I think it's more likely than not that Mr G had found another way to keep track of the transactions on the account when he was actively using it. It's unfortunate that Mr G stopped using the account after the card transaction that took him £2.83 overdrawn so he didn't see the charges being applied.

Santander says that its policy is to write directly to customers when an account is more than £100 overdrawn. Mr G's account first became more than £100 overdrawn when charges were applied at the end of September 2016. And it's the letter that Mr G received shortly after then that started this complaint.

So looking at all of these points together, I can't agree that Santander should've done more than it did to alert Mr G to his account balance.

Mr G is concerned about the impact this has had on his credit file. A credit file needs to show an accurate reflection of what's happened on an account and from what I've seen, the information Santander recorded is correct. Santander has told us that it's not yet recorded a default on Mr G's credit file. So it's still possible that Mr G can avoid a default if he repays the outstanding balance. Mr G should contact Santander to discuss this further. Mr G can ask the credit reference agencies to add what's called a 'notice of correction' to his credit file if he wants to, explaining the situation. Lenders may take account of that if he applies for credit in future.

I can appreciate that it would have been very disappointing for Mr G to receive a letter that suggests Santander would be willing to consider compensation when this wasn't actually the case. But Santander has offered £50 compensation for that. Given that Mr G called Santander as soon as he received the letter and Santander explained the correct position to him quickly, I think that's a fair amount.

**my final decision**

For the reasons I've explained, my final decision is that Santander UK Plc should pay Mr G the £50 it has offered for trouble and upset if it hasn't already. I make no other order or award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 28 March 2017.

Claire Marsh  
**ombudsman**