

complaint

Mrs S complains about an account she has with Santander UK Plc. She believes the bank has lent to her irresponsibly by allowing her to increase her overdraft. She also believes the bank hasn't dealt with her in a positive and sympathetic manner while she's been in financial difficulties.

background

Mrs S had a current account with Santander with an overdraft limit of £250 in 2011. During 2011 and 2012 the limit was increased to £350, £400 and finally £800. Mrs S believes the bank shouldn't have increased the limit as she couldn't really afford it. Mrs S ultimately entered a debt management plan and the bank accepted repayments of £5 per month to reduce the overdrawn balance.

Mrs S is also unhappy about the charges that have been applied to her account over a period of time and she believes the bank should have treated her more sympathetically because of her financial situation.

Mrs S complained to the bank and as she remained unhappy with its response, she referred her complaint to us. One of our adjudicators looked at the complaint but didn't find the bank had done anything wrong or acted unreasonably while dealing with Mrs S.

Mrs S didn't accept the adjudicator's findings and asked for her complaint to be considered by an ombudsman.

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 believe I'll disappoint Mrs S further as I haven't upheld her complaint. I've come to the same overall conclusions as the adjudicator, for broadly the same reasons.

Mrs S has a current account with the bank and also has an overdraft facility. I understand the overdraft was initially £250 and increased periodically through 2011 up to £800 in early March 2012. Mrs S was the one that requested the bank increase her overdraft limit.

When lending money, which includes overdrafts, any lender should lend responsibly. There are rules around lending money and lenders should ensure the credit provided can be repaid. There is no prescribed list setting out what every lender should do in every case and exactly what each lender does to satisfy itself the credit can be repaid is up to each lender. Any checks the lender undertakes should be proportionate to the amount being borrowed.

In this instance Mrs S's overdraft was increased from £250 until it was £800. The initial increases were relatively small until it reached £400. It then doubled to £800. As the initial increases were relatively small I wouldn't expect the bank to carry out extensive or exhaustive checks. The increase from £400 to £800 is more significant than the earlier increases but I don't however think £800 is an exceptionally large amount of credit when it can be repaid over a 12 month, or longer, period.

The bank says it looks at, amongst other things, credit reference agency data, account status and income when deciding whether to grant an overdraft. In this instance, Mrs S's account showed a regular monthly salary and child benefit that was approaching £2,000 in total. There were occasions when the account did exceed the overdraft limit but these were infrequent. Even when the overdraft was increased to £800 it was well below half of Mrs S's regular income.

Mrs S's credit file also showed little to suggest the bank should have thought she would have problems repaying the overdraft. There was one account on the credit file that had previously defaulted but this was settled in 2010 and doesn't in my view indicate any obvious current financial problems.

Having considered the overall circumstances of this complaint, which includes Mrs S's circumstances, the size of the overdrafts and what the bank was required to do when lending, I'm not persuaded the bank failed to carry out reasonable checks when making its lending decision. I don't therefore think the bank lent irresponsibly when agreeing the overdraft increases.

I've noted what Mrs S says about her use of payday lenders before 2012 but I don't think the bank should have been expected to scrutinise her accounts in that much detail. The payday loans were repaid when due and this was reflected on the credit file. This again wouldn't have highlighted any real concern for the bank when carrying out an automated credit check.

Mrs S is also unhappy about charges that were applied to her account. The charges have been applied in accordance with the terms and conditions of the account and at the time they were applied I haven't seen anything to show the bank should have been aware of Mrs S being in financial difficulties. The bank has refunded some charges already but I don't think the bank should refund anything more than it has already.

Mrs S did enter into a debt management plan with a third party and the bank did accept an offer to reduce the overdraft balance by £5 each month around the time Mrs S entered into the debt management plan. I think this is reasonable in the circumstances and again I don't expect the bank to have done anything over and above this.

Finally, Mrs S is unhappy that the bank has recorded adverse information on her credit file. The bank is required to record accurate information that reflects the way the account has been maintained. When the overdraft is exceeded, repayments are not made or the customer enters into a debt management plan this could have an adverse impact on a customer's credit file. Having considered the circumstances here I haven't seen anything to show the information the bank recorded was inaccurate, or doesn't reflect the way the account has been maintained. I appreciate Mrs S is unhappy about the impact the account has had on her credit file but as I haven't found the bank has acted unreasonably or unfairly here, I don't think it would be reasonable to instruct the bank to amend the credit file.

I appreciate Mrs S will remain unhappy with the findings I've come to here but I'm not persuaded the bank has treated her unreasonably or unfairly. It is ultimately for this reason that I don't uphold the complaint.

my final decision

My final decision is that I do not uphold this complaint and I make no award or direction against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 13 December 2017.

Mark Hollands
ombudsman