

The complaint

Ms D complains about overdraft interest, fees and charges applied by Santander UK Plc while she was experiencing financial difficulties.

What happened

Ms D has a current account with Santander and in April 2014 an overdraft facility of £3,250 was approved. Ms D used the account and from July 2018 the statements show Ms D's overdraft activity increased. Ms D continued to use the overdraft facility to varying degrees each month until April 2019 when the account balance was consistently overdrawn for the whole month. From that point, Ms D's balance remained overdrawn.

In April 2019 Santander says it sent Ms D an Early Intervention Letter regarding the overdrawn position of the account. Santander hasn't been able to provide a copy of its letter but says it would've asked Ms D to make contact to discuss her circumstances if she was experiencing financial difficulties or needed support. Santander says it didn't hear from Ms D at that time.

Ms D's account balance continued to be overdrawn and in January 2020 she contacted Santander to ask for assistance. Despite that, interest, fees and charges continued to be applied to Ms D's account by Santander.

Last year, Ms D complained about the decision to approve her overdraft and the support provided while she experienced financial difficulties. Santander issued a final response on 8 August 2023 and upheld Ms D's complaint. Santander agreed it should've stepped in to provide support earlier and arranged to refund all interest, fees and charges applied to the account from January 2020 onwards. The refund totalled £3,585.61 and was used to repay the overdraft facility which was then removed from Ms D's account.

Ms D referred her complaint to this service and explained she felt Santander had lent irresponsibly when it approved the overdraft facility and failed to provide reasonable support during financial difficulties. The complaint was passed to an investigator. They explained that due to the time limits noted in our rules, the Financial Ombudsman Service couldn't consider Ms D's complaint about the decision to approve Ms D's overdraft in April 2014. Ms D accepted that we couldn't look at this part of her complaint.

The investigator noted that £19.40 of additional interest had been applied to Ms D's account after the refund was issued and asked Santander to refund it. But the investigator wasn't persuaded there were grounds to tell Santander to refund further interest going back before January 2020. Ms D asked to appeal, so her complaint has been passed to me to make a decision.

What I've decided – and why

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

I'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

As our investigator has said, we can't look at complaints that weren't made within the time limits noted in our rules. Ms D responded to the investigator to confirm she accepted the irresponsible lending element of her complaint isn't something we can look at. Like the investigator, I've gone on to focus on the financial difficulties element of Ms D's complaint.

When a consumer's experiencing financial difficulties we'd expect a business to treat them positively and sympathetically. We'd also expect a business to monitor a customer's account for signs they're struggling and may need support.

I've reviewed Ms D's account statements available which start in 2017. They don't show an overdrawn balance until April 2018. From April 2018 Ms D began to use the overdraft facility each month but the balance were generally modest, with the account returning to credit each month. The overall balance of the overdraft began to increase each month and by April 2019 the account stopped returning to a credit balance. But during this period, there's no evidence of returned payments or clear signs Ms D was struggling financially.

I note that when Ms D's account stopped returning to a credit position each month in April 2019, Santander sent an Early Intervention Letter. I appreciate a copy of that letter no longer exists. But Santander's provided systems evidence that shows it was sent and I'm aware it isn't required to keep copies of correspondence indefinitely. I'm satisfied Santander did write to Ms D as claimed in April 2019 to see if it could offer support. In my view, that shows Santander was actively monitoring Ms D's account for potential financial difficulties.

Ms D contacted Santander in January 2020 and notified it she was experiencing financial difficulties. Santander didn't step in to provide reasonable support at that time and Ms D's overdraft continued to incur interest, fees and charges. But when Ms D complained in 2023, Santander reviewed her account again. At that time, Santander agreed it should've done more in January 2020 and agreed to refund the interest, fees and charges applied from that date.

I'm sorry to disappoint Ms D but I'm satisfied that was a reasonable approach for Santander to take when considering her complaint. Whilst I understand why Ms D has asked Santander to approve further refunds, I haven't found grounds to tell it to do so. In my view, the interest, fees and charges applied up to January 2020 were fairly incurred – in line with the account's terms and conditions. And I'm satisfied that Santander's decision to issue a refund from January 2020 onwards is reasonable in the circumstances of Ms D's complaint. In my view, that's when Ms D contacted Santander to ask for support and the point it failed to act fairly.

Santander agreed to refund a further £19.40 of interest that was applied to Ms D's account incorrectly. I'm satisfied the refund of £3,585.61 last year plus a further £19.40 is a fair way to resolve Ms D's complaint. So I'm going to proceed on that basis and direct Santander to refund a further £19.40.

My final decision

My decision is that I uphold Ms D's complaint and direct Santander UK Plc to refund a further £19.40.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 28 March 2024.

Marco Manente
Ombudsman