



Case study: Banking

UNAUTHORISED OVERDRAFT CHARGES AFTER A DEBIT PAYMENT THAT COULD NOT BE CANCELLED

Themes: attempt to thwart authorised debit card payment, unauthorised overdraft, refund of overdraft charges, complainant contribution to own loss

This complaint relates to an unauthorised overdraft after the complainant cancelled her overdraft facility, thinking this would block a debit card payment she had already made that she did not want to have taken from her current account.

During the summer of 2017, the complainant visited a medical centre for a Botox treatment. After being in pain for a few days, she realised she was not satisfied with the treatment and did not want the £1,000 payment for the Botox treatment to go through. She contacted the bank to ask for the payment to be cancelled. The bank told her that it was not possible as it was a debit payment which had already been made. She was advised that the best way to deal with the payment would be to challenge it after it had gone through using the chargeback process. The complainant persisted and asked the bank employee whether, if she cancelled her overdraft facility and removed her funds held in the account, would the payment still go through. The employee confirmed that this approach could achieve her objective by causing the payment to be rejected due to a lack of funds, so the complainant proceeded to cancel her overdraft facility and transferred all of the funds from her current account into a separate savings account.

The following day, the complainant was notified by the bank that she would be charged regarding her unauthorised overdraft and she realised the £1,000 debit payment to the medical centre had gone through. The complainant told the bank about the previous advice given to her to close her overdraft facility. The bank said this was not appropriate advice and confirmed that the payment would go through even with a cancelled overdraft facility because the debit payment had been authorised by her in the first instance. Given the provision of inappropriate advice, the bank offered to refund the unauthorised overdraft charges and advised her that she should move her funds from the savings account back to her current account to clear the overdraft so that no more overdraft charges would be incurred.

CIFO spoke to the bank and the complainant. We also listened to the two phone calls between the complainant and the bank. We agreed that the advice given on the first call was inappropriate and misleading and that the complainant should be refunded the overdraft charges incurred from the first phone call up to the second phone call during which she was offered what the Ombudsman agreed was a fair and reasonable solution to remedy the unauthorised overdraft. The overdraft fees incurred after the second call were the complainant's responsibility as she refused to accept that she was responsible for having made the debit payment and for not agreeing to pursue the normal processes available to her to challenge the service provided to her by the medical centre. Her attempt to disrupt the previously authorised payment, albeit with the acquiescence of the bank staff person on the call, and her subsequent refusal to cover the unauthorised overdraft, were not reasonable.