

£47m in overdraft refunds to bank customers after CMA action

The Competition and Markets Authority (CMA) has taken action against 5 of the UK's biggest banks and building societies for breaching Part 6 of the Retail Banking Market Investigation Order 2017. This required that customers with personal current accounts must receive a text alert warning of fees before banks charge them for an unarranged overdraft. Receiving this alert is designed to give people time to take action and avoid any unexpected charges.

The total of just over £47 million comprises refunds secured since the CMA started enforcing the Order in 2018, including new refund amounts from Royal Bank of Scotland (RBS) and Santander.

RBS failed to send accurate text warnings to 36,000 customers, from February 2018 until December 2019, and has now agreed to fully repay the charges – as well as providing an additional 8% in interest – bringing the total it will refund to customers to £2.2 million. The [CMA's letter to RBS](#) was published today.

Santander has put aside £17 million to refund customers for [6 breaches of the Order, announced by the CMA last year](#). This will impact up to 470,000 customers who will all be refunded in full. This is on top of £2m in refunds by Santander already announced by the CMA in May 2019.

Since 2018, the CMA's action has also led to refunds for customers from 3 other banks and building societies of around:

- £11 million for current account holders at Metro Bank
- £8 million for current account holders at HSBC
- £7 million for current account holders at Nationwide

The CMA dealt with some of the worst breaches by issuing legally binding directions, which ensured that banks were committed to refunding those affected. In some cases, the banks and building societies also voluntarily offered to pay interest on the charges.

In December 2019, the Financial Conduct Authority introduced reforms to its own overdraft rules, expanding the requirement to send alerts to all overdraft charges. This meant it was no longer necessary for the CMA to retain Part 6 of the Order – the responsibility for this now sits with the FCA.

Andrea Coscelli, Chief Executive of the CMA, said:

Text alerts have been absolutely key in helping people to avoid unfair unarranged overdraft charges and, where banks have failed to comply, the CMA has worked to secure millions in refunds for customers.

While these breaches are disappointing – and may have been preventable had the CMA been able to issue serious financial penalties – our action has put a total of more than £47 million back into people’s pockets. With responsibility for enforcing this now sitting with the FCA, the dedicated sector regulator, we’re confident that this will continue.

Notes to editors

1. Part 6 of the [Retail Banking Market Investigation Order](#) 2017 came into force in 2018, after the CMA’s retail banking market investigation identified a number of competition problems in both the personal current account (PCA) and small and medium-sized enterprise (SME) banking markets. The Order is part of a package of remedies designed to address these problems.
2. The CMA has today published a [letter to RBS about breaches of Part 6 of the Order](#).
3. The law prevents the CMA from imposing fines for breaches of either Orders or undertakings. This limits the CMA’s ability to ensure these breaches do not recur. However, Andrew Tyrie, Chair of the CMA, requested these powers to ensure proper deterrence as part of a package of wider reforms to the CMA’s powers in a letter to the then Secretary of State for Business, Energy and Industrial Strategy.
4. All media enquiries should be directed to the CMA press office by email on press@cma.gov.uk , or by phone on 020 3738 6460.