

The complaint

Mr G is unhappy that Santander UK Plc have used a refund balance paid to his credit card to reduce his level of debt on that credit card and won't release the refund balance to his current account.

What happened

On 7 February 2023, Mr G bought a laptop for £679 using his Santander credit card. Following this, in 2024 Mr G fell into financial difficulty which meant that he struggled to make his contractually required minimum payments towards the credit account.

In August 2024, the balance of Mr G's credit account was roughly £2,300 outstanding. At that time, Mr G agreed a plan with Santander wherein interest and charges would be frozen so that his account debt didn't increase and where Mr G would make token payments to the account, thus providing Mr G with an opportunity to recover his financial position.

In January 2025, Mr G had made several small payments to the account which had reduced the outstanding balance to roughly £2,200. On 14 January 2025, Mr G received a refund of £679, relating to the laptop that he had purchased using the credit account in February 2023.

Mr G had expected that Santander would allow this refunded amount to be moved to his current account. But instead, Santander applied the refund to reduce the amount of money Mr G owed them on the credit account. Mr G wasn't happy about this, so he raised a complaint.

Santander responded to Mr G but didn't feel that they'd done anything wrong and confirmed that the terms and conditions of Mr G's credit account included that, in circumstances such as Mr G's, any refunds received into the account would be treated as account payments and used to reduce the account debt. Mr G wasn't satisfied with Santander's response, so he referred his complaint to this service.

One of our investigators looked at this complaint but didn't feel that Santander had treated Mr G unfairly by administering his account as they had. Mr G remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

Having done so, I'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service.

I highlight this point because I note that Mr G, in his most recent correspondence with this service, has listed several points of regulation that he feels that Santander are in breach of. But, while we do take relevant law and regulation into account when arriving at our

decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

In this instance, upon consideration, I don't feel that Santander have acted unfairly by using the laptop refund of £679 to reduce the outstanding balance of Mr G's debt to them, and so I won't be upholding this complaint.

The reason I take this position includes that Mr G bought the laptop on credit using his Santander credit card – effectively using Santander's money, and not his own, to make the purchase. Additionally, while Mr G has made regular payments towards the account since buying the laptop until he later fell into financial difficulties, Mr G also made further purchases on the credit account during that time. And at no point in time does Mr G appear to have totally cleared the balance of the credit account, such that it could reasonably be argued that Mr G had repaid all prior debts accrued on the credit account up to that time.

As Santander have explained to Mr G, by using the laptop refund amount to reduce the account debt, Santander have acted in adherence with the terms and conditions of the credit account – terms and conditions that Mr G agreed to and accepted when he opened the account. And in keeping with what I've explained above, I feel that Santander's adherence to the terms and conditions of the credit account in this regard has resulted in a fair outcome here – the use of a refund amount initially spent as a credit purchase on the account to reduce the current level of debt that remains outstanding on that same account.

Ultimately, I feel that Mr G bought the laptop using Santander's money. And given that Mr G owes Santander a significant balance that is more than the laptop refund amount, it seems both fair and reasonable to me that Santander would use the laptop refund to reduce the balance that Mr G owes them on his credit account, and that they would refuse Mr G's request to release that refund amount to his current account.

Finally, I take this position in full consideration of the financial difficulties that Mr G is unfortunately presently experiencing. I appreciate that Mr G has said that he needs the money in question here. But, as discussed above, given that Mr G purchased the laptop on credit using Santander's money and has always maintained a revolving debt with Santander on his credit account after making that credit purchase, I don't feel that it can reasonably be said that the money used to buy the laptop was Mr G's, such that it should fairly be released to him by Santander – especially as Mr G continues to owe Santander a significant balance.

All of which means that I won't be upholding this complaint or instructing Santander to take any further or alternative action here. I hope that Mr G will understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 6 May 2025.

Paul Cooper
Ombudsman