

The complaint

Mr B complains that the overdraft charges Santander UK Plc applied to his account were unaffordable and contributed to his financial difficulties.

What happened

Mr B held a Santander current account which had an associated overdraft with a limit of £1,000.

In late 2024 Mr B raised a complaint about his account – in particular that the overdraft wasn't appropriate for him and the fees he has paid have contributed to his financial hardship.

Santander reviewed Mr B's concerns and issued a final response letter on 14 November 2024. Within its response Santander explained that it was obliged to follow strict regulations for lending when Mr B's overdraft application was considered, and reasonable and proportionate affordability checks were carried out at the time. It found the overdraft had been used for short-term borrowing as intended and the overdraft was not relied on for an extended period. As Mr B had raised financial hardship concerns Santander confirmed its financial support team would be in touch

Mr B remained unhappy with Santander's handling of his complaint and referred his complaint to our service. An Investigator reviewed his concerns and made the following findings:

- Mr B's complaint about the overdraft application and charges prior to 2018 fell outside this service's jurisdiction due to the DISP rules we must follow.
- Looking at the account from 2018 onwards the statements show Mr B used the overdraft for short term borrowing, not long term.
- The charges applied were reasonable and in line with the account terms and conditions.
- Mr B had many opportunities to bring the account into credit.

Mr B accepted that this service couldn't consider matters before 2018 but asked for his account and concerns from this point forward to be further looked at by an ombudsman.

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.

In keeping with our role as an informal dispute resolution service and as our rules allow, I will focus here on the points I find to be material to the outcome of Mr B's complaint. I understand this complaint has been a source of worry and frustration for Mr B, but based on the evidence I have seen I am not upholding Mr B's complaint. I'll explain why.

Firstly, as the Investigator highlighted, this service will not be considering the overdraft application, or the charges applied to the account prior to 2018. This is because the DISP rules published by the Financial Conduct Authority include rules about time limits, and they say – at DISP 2.8.2R – that unless the business complained about consents, we can't generally look at complaints made more than six years after the event complained of or more than three years after the consumer knew, or ought reasonably to have known, they had cause to complain.

I've therefore gone on to consider whether Santander's application of overdraft charges on Mr B's account from 2018 onwards was fair and reasonable. We've set out our general approach to complaints about unaffordable/irresponsible lending – including the key rules, guidance and good industry practice – on our website. And I've referred to this when deciding Mr B's complaint.

In summary this service will consider a range of rules, regulations and good industry practice to decide whether a bank has treated a customer fairly and reasonably when applying overdraft charges. This means I am not considering Santander's charging structure specifically but, ultimately, if it acted fairly and reasonably towards Mr B when it applied interest, fees and charges to his account, especially in circumstances where it was aware, or ought fairly and reasonably to have been aware Mr B was experiencing financial difficulty.

So, I've considered whether there was an instance, or there were instances, where Santander didn't treat Mr B fairly and reasonably. This means I've considered whether there were periods where Santander continued charging Mr B even though they ought to have stepped in and taken corrective measures on the overdraft as they knew (or ought to have realised) he was in financial difficulty. If Mr B was locked into paying charges because there was no prospect of him exiting his overdraft, then his facility would have been unsustainable for him. So I've carefully considered whether this was the case.

I've looked through Mr B's account statements throughout the period concerned. And I can't agree that Santander ought reasonably to have taken unilateral corrective measures in relation to Mr B's overdraft. I don't think that there was ever a time when it ought to have realised that the overdraft had become unsustainable, and I'll now explain why.

It's fair to say that Mr B used his overdraft – and Mr B's complaint appears to suggest that this in itself was an indication that Santander ought to have taken action. But it is far too simplistic to say that it automatically follows that someone was in financial difficulty simply because they were using a financial product that they were entitled to use.

Instead, I must look at overall circumstances of a customer's overdraft usage – and consider what this may suggest about their overall position. In this case, I've looked at Mr B's incomings and outgoings as well as any overdrawn balance and thought about whether it was possible for him to have stopped using his overdraft, based on this. Mr B's statements show a high number of credits into the account – from a combination of cash deposits, gambling winnings and multiple third parties, including family members. At the same time there are numerous credits from the account – and a bulk of the credits seem to be used for transfers to third parties.

While I'm not seeking to make retrospective value judgements over Mr B's expenditure, I can't see much in the way of living expenses going out of his account, which suggests that he didn't use this account for this purpose. Furthermore, there are also significant amounts of non-committed, non-contractual and discretionary transactions going from Mr B's account. For the period in question there was also significant amounts of discretionary spending going from Mr B's account too. I can't see anything to indicate that the charges he was incurring for

this discretionary spending were causing him harm. For example, I can't see that he was borrowing from unsustainable sources in order to meet these charges.

Santander has provided a breakdown of the overdraft charges Mr B incurred from 2018 onwards. In 2018 the charges were £49, in 2019 they were £214, in 2020 they reduced to £75.33, and again 2021 they dropped further to £5.13, then to £7.51 in 2022, and £6.14 in 2023. The charges increased to £110.67 in 2024 and I can see at the time Mr B raised his concerns he was in his overdraft and had an outstanding balance due of £998.89. I've detailed these amounts to demonstrate that given Mr B's concerns it doesn't seem the overdraft charges – which were applied in line with the account terms – were excessive in light of the account overall turnover. I can see by the time Mr B raised a complaint about his account he was utilising the full overdraft amount, but the years prior to this don't demonstrate an excessive reliance on the overdraft for prolonged periods of time.

I accept the factors I've noticed within the account don't in isolation (or when taken together) mean that Mr B wasn't experiencing difficulty. But I don't agree that Mr B was reliant on the overdraft credit and the sheer amount of funds he was in receipt of appear to show that he could afford this and didn't need his overdraft if he didn't wish to rely on it.

I've considered Mr B's comments about the emotional and health repercussions his financial issues had on him, and Mr B has my sympathy. But I can't see that he ever made Santander aware of the challenges he said he faced until 2024. And there isn't anything in Mr B's transactions (other than the fees themselves which for the reasons I've explained aren't on their own sufficient here) in themselves which ought to have alerted Santander to potential financial difficulty.

So, in these circumstances and in the absence of being told anything further by Mr B. I don't think that it was unreasonable for Santander to have proceeded adding the charges that it did and hasn't refunded. And I don't think Santander unfairly charged Mr B in circumstances where it ought to have realised that he may have been experiencing financial difficulty.

I appreciate this will be very disappointing for Mr B. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 May 2025.

Chandni Green
Ombudsman