

## **The complaint**

Mr B and Mrs B complain about the decision by Santander UK Plc ("Santander") to reduce their overdraft limit.

The complaint is brought by both Mr B and Mrs B. But, for ease of reading, I'll refer mostly to Mr B throughout this decision, as the submissions have been made mainly by him.

## **What happened**

Mr B and Mrs B hold a joint account with Santander which they have held for many years. The account has an arranged overdraft facility and Mr B says that the overdraft limit was £2,000 from the time the account was opened. In August 2024, Santander wrote to Mr B and told him that, following a routine review, it had decided to reduce the limit to £1,650 from 1 October 2024.

Mr B contacted Santander to discuss this. He said that his financial circumstances hadn't changed, and he wanted the overdraft limit to remain at £2,000. Santander's agent suggested that the overdraft limit was being reduced because Mr B hadn't been using the overdraft. She said the decision couldn't be reconsidered at that stage and could only be appealed after the reduction took effect. She said she would raise a complaint to see if there was a way the decision could be changed without having to wait until October.

Mr B was then contacted by the complaints team. The complaint handler said that the decision to reduce the overdraft limit was based on affordability. He said that Santander had followed the correct procedure for reducing the overdraft, so the complaint wasn't being upheld. This was confirmed in writing to Mr B.

The final response letter said that Santander must ensure its lending decisions are fair and reasonable and that any lending is affordable for its customers. Santander said it looks at credit file data, account usage and credit turnover to assess affordability. It said the data it held for Mr B suggested that an overdraft of £2,000 would be unaffordable, so it had made the decision to reduce the limit. Santander said it was acting in line with the terms and conditions of Mr B's account. It confirmed that the decision couldn't be appealed until the new limit was in place as it would need new data and evidence of affordability.

Mr B wasn't happy with Santander's response and brought the complaint to this service. He said that the decision to reduce his overdraft limit was flawed as he was well able to afford £2,000. He said that Santander had refused to share the data it used to make its decision, but the suggestion that he couldn't afford an overdraft of £2,000 was not supported by evidence. Mr B said he hadn't been affected financially by Santander's decision, but he said it could affect his credit rating. He was concerned that his financial standing and creditworthiness had been compromised. He wanted Santander to withdraw the comment that he couldn't repay an overdraft of £2,000 and apologise for writing this. He also wanted it to reinstate the overdraft limit of £2,000.



Our Investigator thought that Santander had acted reasonably and didn't think it needed to do anything. But Mr B didn't agree and asked for the complaint to be reviewed 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.

The terms and conditions of Mr B's account allow Santander to change his overdraft limit at any time. They also say that Santander will only give Mr B an overdraft if it thinks he can afford it. So, there was no guarantee that the overdraft would remain in place at the original limit or at all. The terms and conditions say that Santander will usually give Mr B 30 days' notice of any change to his overdraft limit. Mr B agreed to these terms and conditions when opening the account and through his continued use of it.

So, Santander has discretion to change the overdraft limit and it doesn't have to lend at all. But I'd expect it to act fairly and reasonably when making changes to customers' overdraft limits. I'll consider whether it did so here.

Santander says it made the decision to reduce Mr B's limit after a routine review. I think it's reasonable for it to carry out reviews from time to time to check that the lending is still appropriate. Santander doesn't have to provide detailed reasons for its decision. But I'd expect it to tell Mr B the main reason, on a high-level basis. This is in line with the Standards of Lending Practice set out by the Lending Standards Board.

Mr B was told initially that the decision was made because he hadn't been using the overdraft. But the complaint handler said the decision was based on affordability. Santander has confirmed to this service that affordability was the principal reason for its decision, and I'm satisfied that's the case.

Mr B says that Santander's decision is flawed because the original overdraft limit is affordable for him. He has provided evidence of his credit score, credit balances he holds elsewhere and overdraft facilities he has with other providers. But I'm not making a decision about whether Mr B could afford an overdraft of £2,000. What I'm looking at is whether Santander's decision to reduce the limit was reasonable. I think it was, based on the information available to Santander at the time.

Santander says it looked at Mr B's account usage as well as credit file data. I think that's a reasonable approach. This information wouldn't usually give Santander a view of Mr B's credit balances or investments elsewhere. But Santander would have known the balance of the account in question. And it would have been able to see Mr B's borrowing facilities elsewhere. Different businesses have different lending criteria and approaches to risk. But, from what I've seen, I think Santander followed its usual approach here. And I think it made a reasonable decision based on the information available to it.

Mr B is unhappy that Santander hasn't provided the data it relied on. But it has told Mr B the main reason for its decision. And the complaint handler told him on the telephone that the decision was based in large part on his use of the account itself including the income and outgoings. I don't think Santander needs to provide further information to Mr B.

Mr B is unhappy with the way the complaint was investigated by Santander. Complaint handling isn't a regulated activity so it's not something this service can investigate. But, from what I've seen, I think Mr B's main concern is about the lending decision itself and the information used to make this. The way for that to be challenged would be through an



appeal. The complaint handler confirmed that this could be done after the limit had been reduced.

In effect, it sounds as though the appeal would be by way of an application to increase the overdraft limit back to the original amount. It's not clear to me exactly what information Santander would look at as part of that process. But the complaint handler said that Santander would require new data and evidence of affordability after the reduction had taken place. So Mr B may have the chance to put forward some of the evidence he has provided to this service if he chooses to apply to Santander for an increase in this way. But I can't say what the outcome of any such application would be.

It's not generally the role of this service to look at a firm's lending processes or tell it to change them. But we can look at whether a firm has followed its process correctly and acted fairly and reasonably overall. I'm satisfied that Santander's usual process for appealing changes to overdraft limits is for customers to wait until the change has taken place and then apply. So, I can't conclude that it acted unfairly in advising Mr B to proceed in this way.

Mr B is very unhappy about the statement in Santander's final response letter that the data it held suggested an overdraft of £2,000 would be unaffordable to repay if used. I know Mr B feels strongly about this. But I don't think Santander needs to withdraw this statement or apologise for making it. That's because, even though Mr B disagrees, this is the reason for Santander's decision. That decision was based on Santander's interpretation of the information it held at the time. And I think it was reasonable.

In conclusion, I find that Santander reduced Mr B's overdraft limit in line with the terms and conditions of his account. I think its decision to do so was reasonable. I'm satisfied that Mr B didn't suffer any financial hardship as a result of the reduction. And I haven't seen evidence of any other detriment. So, although I'm sorry to disappoint Mr B, I don't think Santander needs to do anything here.

### **My final decision**

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 17 June 2025.

Katy Kidd  
**Ombudsman**