

The complaint

Mrs P complains that Santander UK Plc lent to her irresponsibly via an overdraft over an extended period of time. She would like all the fees and charges associated with the overdraft refunded.

What happened

In February 2019 Santander first approved an overdraft limit for Mrs P, of £400. That limit has fluctuated significantly and frequently over the years. It reached its height of £3,000 in August 2022, and would appear to more recently have begun to reduce.

Santander's checks when increasing Mrs P's limit at various points appear to have focused on credit checks.

Mrs P complained in December 2023 that it was irresponsible of Santander to have given her the overdraft facility. It didn't accept that, and so Mrs P brought a complaint to this service.

The investigator looked at the evidence and thought that Santander didn't do enough checks before agreeing to some increases, and ought not to have allowed any further increase of the limits from May 2022 onwards, but that a limit of £600 was not unsustainable. She therefore said it should refund all interest and charges from that date, on any overdraft borrowing over £600. Both parties disagreed.

Santander argued that Mrs P had had the ability to clear her overdraft after that date, and chose not to, so it should not have to refund anything. Mrs P's representatives said that Santander should have entirely withdrawn the overdraft and so interest and charges should be refunded on the overdraft in full – not just limits over £600. So, the case has been passed to me to look at.

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'm upholding it along the same lines as those of the investigator and for similar reasons. I'll explain why.

As Mrs P's representatives have not objected to the point in time from which the investigator thought Santander ought to have done something differently, namely May 2022, that is no longer in dispute. I also agree with the investigator's summary of how that was the point at which there were clear signs that Mrs P's financial situation was deteriorating. So proportionate checks ought to have led Santander to conclude that she would have little prospect of repaying any more than £600 in a reasonable period of time.

Mrs P's representatives don't accept that. They point out that Santander ought to have reviewed Mrs P's overdraft annually and should have contacted her, "...to provide support."

It is true that it didn't do that. However, that doesn't mean that "support" would have amounted to it completely withdrawing her overdraft at that point. I think the investigator's conclusion that she was in a position to successfully manage a limit of £600 was a reasonable one. In saying so I note that Mrs P still had a regular income and also that there was a sizeable amount of discretionary spending. So I don't think a limit of £600 would have been unmanageable for her.

Santander also doesn't accept the investigator's conclusions. It has made fairly detailed submissions about transactions on the account after May 2022 which it says show that Mrs P could have cleared her overdraft, but chose not to. I assume it is trying to make the point that she was therefore not dependent on the overdraft to survive. And/or that her choice to keep using the borrowing it kept providing to her shows that it was affordable and sustainable for her because otherwise she would have prioritised repaying that borrowing.

Ultimately, Santander's objections here have no real relevance. Firstly, I think it's clear that the sizeable deposits it has highlighted were predominantly used to clear debt – either hers or her then husband's. So I fail to see how those deposits equated to an indicator of financial health or demonstrate some sort of unnecessary or frivolous use of the overdraft limit.

But more importantly, other amounts borrowed or otherwise received by Mrs P do not *per se* mean that Santander's lending decisions here were defensible. The transactions on the account did not demonstrate that Mrs P could have repaid an overdraft of £3,000 in a reasonable period of time. The deposits were quickly used to make payments (typically paying off other debt) elsewhere and did not constitute any form of income.

So it follows that I uphold this complaint in part, finding that Santander ought not to have agreed to any further overdraft increases from May 2022.

Putting things right

In order to put things right, I direct Santander to do the following:

- Rework Mrs P's current overdraft balance so that all interest, fees and charges applied to it from 27 May 2022 onwards on debit balances of more than £600 are removed.

AND

- If an outstanding balance remains on the overdraft once these adjustments have been made Santander should contact Mrs P to arrange a suitable repayment plan. Mrs P is encouraged to get in contact with and cooperate with Santander to reach a suitable agreement for this. If it considers it appropriate to record negative information from Mrs P's credit file, it should reflect what would have been recorded if Santander had not increased her overdraft limit beyond £600 in May 2022. Santander can also reduce Mrs P's overdraft limit by the amount of refund if it considers it appropriate to do so, as long as doing so wouldn't leave her over her limit.

OR

- If the effect of removing all interest, fees and charges results in there no longer being an outstanding balance, then any extra should be treated as overpayments and returned to Mrs P along with 8% simple interest† on the overpayments from the date they were made (if they were) until the date of settlement. If no outstanding balance remains after all adjustments have been made, then Santander should remove any adverse information from Mrs P's credit file. Santander can also reduce Mrs P's overdraft limit by the amount of refund if it considers it appropriate to do so.

† HM Revenue & Customs requires Santander to take off tax from this interest. Santander

must give Mrs P a certificate showing how much tax it has taken off if she asks for one.

My final decision

For the reasons I've explained, I uphold this complaint in part and Santander UK Plc should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 1 September 2025.

Siobhan McBride
Ombudsman