

The complaint

Miss S complains about Santander UK Plc removing her overdraft without notice or any consultation.

What happened

Miss S has a current account with Santander and, since 2021, this account has had an overdraft facility of £1,200 which she frequently uses.

On 18 December 2024, Santander wrote to Miss S, at the address they held on file, informing her that, from 1 February 2025, they would be reducing the credit limit from £1,200 to £250.

Miss S says she only received an email saying there were going to be changes and didn't receive the notification letter Santander sent about this credit reduction. Miss S explains that:

- The reduction was problematic as, due to job changes and the time of year, she had less work, a lower income and needed the overdraft.
- The first she knew about the reduction was when her direct debits for a loan and credit account failed which caused her to go into arrears on those accounts.

Miss S complained to Santander about the distress and inconvenience caused as she wasn't notified about this change to her overdraft limit. Also, she considered they should've first considered and questioned her on her recent high use of the facility.

Although Santander were very sorry to hear about Miss S's distress, they said they had notified Miss S and the non-receipt of the letter was due to the postal service which is outside of their control. In addition, they said they couldn't reinstate the previous overdraft limit and signposted Miss S to their financial support team.

Miss S brought her complaint to our service. In addition to her above points, she felt:

- She had been penalised for using her overdraft to tide her over until she returned to full time employment.
- Santander '*had effectively put me in debt because I don't know how I'm going to survive financially*'.
- Santander should've offered advice on how she could move forward.

Our investigator upheld Miss S's complaint. He said that as he didn't have information on the factors Santander considered when making the overdraft reduction he couldn't see that they made a reasonable decision or treated Miss S in line with how it treats its other customers. As he couldn't see that Santander treated Miss S fairly and thought an overdraft reinstatement requirement might get reversed he awarded her £175 compensation.

Santander disagree with our investigator, pointing out that they didn't make any errors. Also, that the decision is inconsistent with other similar cases.

As Santander are dissatisfied, this complaint has been referred to me to look at.

I issued a provisional decision on 24 June 2025 and this is what I said:

I've considered the relevant information about this complaint.

Our investigator upheld this complaint. But based on what I've seen so far, there will be a different outcome to what he proposed. Before I issue my final decision, I wanted to give everyone a chance to reply

The deadline for both parties to provide any further comments or evidence for me to consider is 8 July 2025. Unless the information changes my mind, my final decision is likely to be along the following lines.

If I don't hear from Miss S, or if they tell me they accept my provisional decision, I may arrange for the complaint to be closed as resolved without a final decision.

What I've provisionally 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, whilst I'm very sorry to hear that Miss S is in financial difficulty and dissatisfied with the reduction in her overdraft, my decision is different to the investigator. Based on the information I've received so far I'm not upholding this complaint, and I'll explain why.

I looked at whether it was fair and reasonable for Santander to review and then reduce or withdraw overdraft facilities. Also, if it was likely that they made such considerations for other customers with overdrafts.

I found that Santander made the following clear in their terms and conditions:

- *An arranged overdraft is a loan through a current account when the balance goes below zero.*
- *It is designed for short term borrowing.*
- *The interest charged on overdrafts is high, so it is an expensive way to borrow long term.*
- *It has no fixed duration, and customers are required to repay the credit in full on demand at any time.*
- *Subject to the Consumer Credit Act, if Santander decide to remove or reduce an overdraft limit, they will normally give 30 days' personal notification of their intention.*

Also, there are clear responsibilities set out by their regulator (The Financial Conduct Authority {FCA}) for regulated banks like Santander to take reasonable steps to ensure repayments of funds lent won't cause undue difficulty or an adverse impact on a customer's financial situation. Santander must act in accordance with the Consumer Credit sourcebook, which is set out in the FCA's handbook and:

- *CONC 6.7.2R states a firm must monitor a customer's repayment record and take appropriate action where there are signs of actual or possible repayment difficulties.*
- *CONC 5D.1.2 explains a bank is required to monitor and identify customers patterns of repeat use and take appropriate steps with the aim of changing such patterns of use.*

This is to ensure customers are protected from financial harm and treated fairly. Also, it is relevant to overdrafts which, as mentioned above, have risk factors due to high interest rates.

In addition, whilst I appreciate Miss S didn't get Santander's overdraft reduction notification letter it includes the following:

- 'We know talking about your finances isn't easy and we're here to help. If your account is mostly or always overdrawn, we class this as repeat overdraft use. This could indicate that you're experiencing financial difficulties. We're here to support you through these difficult times. Go to [santander.co.uk](https://www.santander.co.uk) and search if finances are a struggle'.*
- 'To speak to us about this, call us on the number above'.*

So, based on their above terms, communications and responsibilities, I think it was fair and reasonable for Santander to review and modify overdraft limits.

Also, considering the above and their high volume of customers, I think it more likely than not that Santander have a review criteria with triggers and review cycles that would apply to all their customers with an overdraft.

Although Santander haven't provided information on their criteria relating to overdrafts and their decision on Miss S's credit limit, I can't demand this from them as our service isn't the regulator of financial services. In addition, Santander is entitled to decide who they lend to and what amounts they provide, and they are entitled to keep their lending criteria confidential for commercial reasons.

Where evidence is incomplete, I must reach my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available evidence and wider circumstances.

Santander's overdraft reduction notification letter (which I appreciate Miss S didn't receive) sets out three modification reasons. So, it isn't that they didn't give any reason here. Their reasons were:

- 1. 'You're paying less into your account.'*
- 2. You're not paying into your account as often.*
- 3. Because of the way you've run this account, or other accounts you have with us or other lenders'.*

I found these to all be in line with Santander's above mentioned responsibilities. Also, Miss S explains that her circumstances changed so she wasn't being paid as much or as frequently, and she was therefore relying on an overdraft that is only designed for short-term borrowing and attracts a high rate of interest. I think this would've been evident to Santander from her November and December account statements.

Although Santander haven't provided their analysis or given specific reasoning for the change to Miss S's limits, from looking at her credits and debits, I think it more than likely that by November 2024 most if not all of these reasons applied to Miss S account.

Santander clearly set out the purpose of an arranged overdraft and Miss S wasn't using it for its intended purpose, and I think they would've seen the overdraft and its high interest rate as a risk that Miss S could be in financial difficulty and / or facing financial harm.

I recognise Miss S didn't receive Santander's reduction letter setting out their reasons and telling her about available contact and support methods. However, she did receive monthly statements which said:

- *'It's important to review your account to make sure that it continues to meet your needs. If you are using an overdraft regularly consider if an overdraft is the most suitable option for you. To find out more about other borrowing options or other products please contact us'.*

Considering this regular communication, the terms and conditions of her account (including overdraft purpose) and her financial difficulties meaning she was no longer using the overdraft as intended, I think it reasonable for Santander to have expected Miss S to have contacted them in November or December 2024.

Miss S could've then explained her difficult circumstances, discussed support and other more suitable lending products. Also, mitigated any modifications Santander could make (considering the terms and conditions of her account) to her credit limit.

It is most unfortunate that Miss S didn't get Santander's letter. But, from reviewing the file, I'm satisfied Santander posted it and didn't realise she hadn't received their notification. So, I don't think it would be fair to say Santander made an error in not contacting Miss S and hold them responsible for Miss S not getting the letter.

Having considered the above and all the information on file, whilst I empathise with Miss S's financial difficulties, I currently can't see that Santander treated Miss S unfairly, were punitive or made any errors.

Whilst I understand Miss S's frustration and annoyance at not getting Santander's overdraft reduction letter, prior to the point that the overdraft reduction letter was sent she wasn't using the overdraft as intended. As I think Santander had clearly explained the overdraft facility to Miss S, including the risk of removal and / or reduction and encouraged her to talk to them about other borrowing options, I don't think it would be fair or reasonable to ask them to pay any compensation here.

So, having considered all the above, whilst I appreciate Miss S will be disappointed, my provisional decision is not to uphold this complaint.

My provisional decision

For the reasons I've given above, it's my provisional decision not to uphold this complaint.

I'll look at anything else anyone wants to give me – so long as I get it before 8 July 2025.

Unless that information changes my mind, my final decision is likely to be as I've set out above.

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.

Further to my above provisional decision, I didn't receive a response from either Miss S or Santander.

So, as no further arguments or evidence have been produced in response to my provisional decision, my view remains the same. I therefore adopt my provisional decision and reasons as my final decision.

My final decision

For the reasons I've given above, my final decision is not to uphold this complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 13 August 2025.

Paul Douglas
Ombudsman