

The complaint

Mr D complains that Santander UK Plc (“Santander”) acted irresponsibly when it provided him with an overdraft he couldn’t afford, failed to monitor his overdraft and act on patterns of reliance and that it failed to spot signs of his financial difficulties and excessive gambling.

What happened

Mr D has had a Santander bank account since 2018 and on 24 January 2022 applied for and was granted an initial overdraft facility with a credit limit of £500. In March 2022 the limit was increased incrementally over a four day period until on 16 March 2022 the limit stood at £2,450 where it remained until it was subsequently reduced (after Mr D complained).

In January 2025 Mr D complained to Santander that it had been irresponsible in providing him with an overdraft and increasing his limit and that it failed to assess or recognise patterns of financial difficulty and gambling.

On 11 February 2025 Santander issued Mr D with a final response letter (“FRL”). Within the FRL, Santander explained how it felt it could have done more to support Mr D and refunded all interest and charges from March 2024 and reduced the overdraft limit to £1,885.

Unhappy with the response from Santander, in February 2025 Mr D brought his complaint to us.

Mr D’s complaint was considered by one of our investigators who concluded that Santander had failed to recognise and act appropriately on signs of financial difficulty. Our investigator upheld Mr D’s complaint from October 2022.

Santander didn’t accept the investigator’s view, so Mr D’s complaint has been passed to me for review and 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 can confirm that I’ve reached the same conclusion as our investigator and for broadly the same reasons.

I’m aware that I’ve summarised this complaint above in less detail than it may merit. No courtesy is intended by this. Instead, I’ve focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there’s something I’ve not mentioned, it isn’t because I’ve ignored it. I haven’t. I’m satisfied I don’t need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I've got is incomplete, unclear or contradictory, I've to base my decision on the balance of probabilities.

Did Santander conduct proportionate checks prior to making its lending decision?

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

So before approving the initial overdraft limit, Santander needed to make proportionate checks to determine whether the credit was affordable and sustainable for Mr D. There isn't a prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include – but aren't limited to the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. And it's important to note that an overdraft is designed for short term borrowing. I'd also expect Santander to think about Mr D's ability to repay the whole borrowing in a reasonable period.

I asked Mr D for a copy of his credit report in order to be able to see what information Santander would have seen at the time of his initial application and subsequent increases but Mr D hasn't responded or provided one. I also asked Santander for the information it relied on when first approving the overdraft and subsequent credit limit increases. Santander told us that it used the account credit turnover to assess the facility available to Mr D but I haven't seen any income and expenditure information. So I've based my findings on the information I've seen so far including statements of Mr D's account provided to us by Santander.

As I've limited information regarding Mr D's financial circumstances at the time he first applied for his overdraft in January 2022, I can't comment on whether the checks Santander conducted at the time were proportionate or not. And I haven't been able to see the credit file information that Santander relied on when approving the facility other than an internal document that showed there was no apparent adverse information. Mr D told us his monthly net salary was approximately £1,600 which I've been able to corroborate from his account statements. So given the relatively small initial overdraft limit agreed of £500, in the absence of any information to the contrary, I'm satisfied on balance Santander made a fair decision to lend initially.

Santander's decision to increase Mr D's limit and its responsibility to monitor his usage

After granting the overdraft limit of £500 in January 2022, Mr D applied to increase his limit in March 2022 incrementally over a four day period from £500 to £2,450. I think that these substantial increases over a very short period of time should have put Santander on notice that something wasn't right. And Mr D very quickly used most of his limit and at times exceeded it for several months in 2022. There was also evidence of significant gambling on his account. And whilst these applications to increase the credit limit were made and approved online, Santander had a continuing responsibility to ensure the increases were both affordable, sustainable and wouldn't put Mr D at risk of further financial difficulty.

Santander needed to monitor and review Mr D's overdraft usage. And where it identified a pattern of repeat usage, as with Mr D's account, it needed to take steps to try and reduce it. However, I've serious concerns over how Santander assessed, or rather didn't assess, Mr D's subsequent actions. Mr D over a four day period, repeatedly and successfully increased the limit on seven occasions. And looking at Mr D's account statements for that time, there was a worrying trend over the four day period where the limit increased significantly, where Mr D would apply for an increase, quickly reach the upper limits of the approved limit, and apply for further increases so that by 16 March 2022, the limit stood at £2,450 and was near the upper limits and also subsequently exceeded it.

In any event, I think the sheer number of repeated requests for further credit by Mr D in such a short space of time should have alerted Santander as to why he was in such urgent need for more borrowing. I can't see how Mr D acting in this way could have been considered as normal behaviour for an account holder, certainly not without some level of scrutiny.

Santander have a responsibility to protect vulnerable customers. And this includes ensuring they have appropriate systems in place to flag up concerning patterns of account usage and repeated requests for borrowing, as in this case, to help identify customers showing possible signs of vulnerability.

I think Santander should have at the very least, sought to question why Mr D was trying to increase his limit in quick succession. And had it done so, it would have uncovered that Mr D was intending to use this credit to gamble.

Mr D's account usage both before and after the last credit limit increase to £2,450 shows repeated and significant spending on gambling.

Santander did send Mr D a series of communications from May 2022 after it identified he was repeatedly in his overdraft and this also included a letter it sent Mr D in July 2022 where it had identified the gambling on his account and signposting him to organisations that could possibly help him.

The letters Santander sent to Mr D invited him to speak if he had any questions or concerns. Because Mr D didn't phone the bank after receiving the letters Santander doesn't think it did anything wrong as it believes the onus was on Mr D to contact it. I disagree. In the first instance, I don't think a letter that highlights the cost of the facility is the same thing as something which indicates the business needs to consider further options due to potential over reliance on the facility. And I think Santander should have been in contact with Mr D about removing the facility, or at the very least reducing it to a more manageable limit given the fact it was aware of the excessive and frequent gambling that had prompted it to send the letter in July 2022. I think Santander should have taken a more proactive approach.

Santander told us that it did send Mr D a further letter regarding the gambling on his account it uncovered in 2024 and offered appropriate support and signposted him to helpful organisations. But I think this was a case of 'too little, too late'. I say this as there were clearly signs that Mr D was experiencing financial difficulty and gambling excessively at the time of the review on 30 September 2022.

So I agree with our investigator and I don't think Santander acted fairly when it failed to take further appropriate action to reach out to Mr D at the time of the review on 30 September 2022.

Did SANTANDER act unfairly in any other way?

I've also considered whether Santander have acted unfairly or unreasonably in any other way and if an unfair relationship existed between Santander and Mr D, as defined by section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I've directed above results in fair compensation for Mr D in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

Santander should:

- Re-work Mr D's current overdraft balance so that any additional interest, fees and charges applied from October 2022 onwards are removed (up to the point Santander refunded interest, fees and interest from March 2024).

AND

- If an outstanding balance remains on the overdraft once these adjustments have been made, Santander should contact Mr D to arrange a suitable repayment plan for this. If it considers it appropriate to record negative information on Mr D's credit file, it should backdate this to October 2022.

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 Mr D, along with 8% simple interest (yearly) on the overpayments from the date they were made (if they were) until the date of the settlement. If no outstanding balance remains after all adjustments have been made, then Santander should remove any adverse information from Mr D's credit file.*

*HM Revenue & Customs requires Santander to take off tax from this interest. Santander must give Mr D a certificate showing how much tax it's taken off if he asks for one.

My final decision

My final decision is that I uphold this complaint. Santander UK Plc should take the actions set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 24 December 2025.

Paul Hamber
Ombudsman