

The complaint

Santander UK Plc ('Santander') provided Miss F with a £1,000 overdraft in July 2023 and went on to increase her limit to £1,300 two weeks later. Miss F says the overdraft was provided irresponsibly.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website and I've taken this into account in deciding Miss F's case.

I've decided the overdraft facility wasn't provided fairly because:

- I think the checks Santander did before providing the overdraft facility and the increase that followed were reasonable and proportionate given the limit it offered and what it knew about Miss F's financial situation. Miss F was receiving regular income and didn't appear to be having financial difficulties.
- Miss F relied heavily on her overdraft from the outset. This is something that ought to have been picked up by Santander when it carried out its annual review. It's fair to say that she remained constantly in her overdraft from the outset and was often nudging – and sometimes exceeding - the limit of the facility. I've seen that she was using it for essential spending, including rent. She was also having issues meeting her monthly energy bill which was returned on numerous occasions due to insufficient funds.
- Given what I've seen, I think Santander ought to have taken steps to intervene and support with reducing her overdraft reliance by around August 2024, when it could see a clear pattern of her use for the previous year. And, given that the overdraft use showed evidence of her being in significant financial difficulty, I don't think writing to her to make her aware of her overdraft use was enough in itself.

This means I don't think Santander acted fairly in allowing Miss F to continue using her overdraft as it was from August 2024. I don't agree with Santander that a fair uphold point is October 2024.

I've considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm awarding in this case, as set out below, results in fair compensation for Miss F in the circumstances of this complaint.

I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

In this case, I think Santander should now settle Miss F's complaint as follows:

- Re-work Miss F's current overdraft balance so that any additional interest, fees and charges applied from August 2024 onwards are removed.

AND

- If an outstanding balance remains on the overdraft once these adjustments have been made Santander should contact Miss F to arrange a suitable repayment plan for this. If it considers it appropriate to record negative information on Miss F's credit file, it should backdate this to August 2024.

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 Miss F, 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 Miss F's credit file. †

† HM Revenue & Customs requires Santander to take off tax from this interest. Santander must give Miss F a certificate showing how much tax it's taken off if she asks for one.

My final decision

My final decision is that I'm upholding this complaint in part and so Santander UK Plc must put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 27 January 2026.

Michael Goldberg
Ombudsman