

## **The complaint**

Mrs H complained that Santander UK Plc provided her with an overdraft, and increased the limit, despite her low income and high external debt.

## **What happened**

Santander gave Mrs H an overdraft limit of £350 in January 2023. For the purposes of this complaint, I'll only be considering the activity from May 2023 onwards, as Mrs H says this is when the overdraft became unaffordable.

In October 2024, Mrs H complained to Santander that they increased her limit when it was clearly unaffordable. She didn't think they'd done sufficient checks and they ought to have seen she was struggling with her other debts. Santander responded to Mrs H's complaint in December 2024, saying their review found no affordability concerns.

Mrs H wasn't happy with Santander's response, so she referred her complaint to the Financial Ombudsman. An investigator here assessed her complaint but didn't uphold it, explaining the lending appeared to be affordable.

Mrs H didn't agree with our investigator, reiterating that Santander didn't carry out sufficient checks and ought to have realised that she was struggling financially and was reliant on the overdraft facility. Because an agreement couldn't be reached, the complaint has been passed to me to decide.

## **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 not intending to uphold Mrs H's complaint. I know this is likely to be disappointing, so I'll explain the reasons for my decision.

The rules and regulations in place at the time Santander provided Mrs H with the overdraft required them to carry out a reasonable and proportionate assessment of whether she'd be able to repay it in a sustainable way. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower-focused'. This means Santander had to think about whether repaying the credit would cause difficulties or adverse consequences for Mrs H. In other words, it wasn't enough for Santander to consider the likelihood of them getting the funds back or whether Mrs H's circumstances met their lending criteria – they had to consider if Mrs H would be able to sustainably repay the lending being provided to her.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number

of factors including – but not limited to – the particular circumstances of the consumer and the amount, purpose, cost of credit they were seeking. I've kept all of this in mind when thinking about whether Santander did what was needed before lending to Mrs H.

*Did Santander carry out reasonable and proportionate checks?*

Santander haven't confirmed what affordability checks they carried out when assessing Mrs H's requests to increase her overdraft limit. So, it follows that I can't be sure their checks were reasonable and proportionate.

I understand Mrs H feels Santander need to demonstrate that they complied with the relevant checks and we shouldn't be able to speculate on what the checks might have shown at the time.

When a business gets something wrong, my role is to determine what position a customer would likely be in if the business hadn't got anything wrong. So, in this case, I have to determine what position Mrs H would be in if Santander had carried out reasonable and proportionate checks.

*What would proportionate checks have shown?*

As Santander cannot provide evidence of the checks they carried out at the time of the lending decisions, I've reviewed Mrs H's bank statements to get an understanding of her financial circumstances. Mrs H also provided her credit file so I've used this to decide what Santander would have likely seen at the point they increased her overdraft limit.

Lending decisions between May 2023 and March 2024

During this period, Mrs H's limit fluctuated between £200 and £1,000. Santander also confirmed that overdrafts are reviewed on a monthly basis, so I've kept this in mind when reviewing the above period.

Having done so, I'm satisfied that these lending decisions were affordable. Mrs H was earning a monthly income of around £1,600 and, whilst she was regularly using her overdraft facility, she was able to come out of it every month. So, I'm satisfied she was using her overdraft as intended during this period – for short term emergency borrowing. I did note a few returned direct debits but I'm not persuaded that these were frequent enough to suggest Mrs H was struggling to afford her essential expenditure.

Mrs H's credit file did show she missed some credit card repayments in December 2023 and February 2024. But these appeared to be sporadic issues rather than as a result of sustained financial difficulties. I say this because Mrs H didn't miss more than one payment in a row, and the account was brought up to date the following month. Mrs H was managing her other accounts well. So, I don't think this ought to have suggested to Santander that Mrs H was struggling financially.

I also note that Mrs H reduced her limit back down to £200, a few days after increasing it to £1,000. So, I'm persuaded that Santander would have reasonably thought Mrs H was in control of her finances.

Lending decisions in April 2024

During this period, Mrs H was allowed to increase her limit to £1,000 and £2,500 within a few days. I can appreciate why she feels that these limits weren't affordable as she was earning around £1,700 and was regularly relying on her overdraft. However, as explained above, her

account management in the previous months suggested she was in control of her finances and that she was changing her overdraft limit to fit her needs. Mrs H's credit file also showed no further issues and she appeared to be up to date with all her existing accounts.

So, I don't think there ought to have been any concerns that Mrs H couldn't afford sustainable repayments towards these new limits.

I can see that shortly after increasing her limit to £2,500, Mrs H made a large payment of £1,200 which might explain her need for the limit increase. She then reduced her limit to £1,800 around two weeks later, following which she received a large credit in the account which allowed her to further reduce her limit to £200 in May 2024. I'm satisfied this continues to support that Santander would have reasonably thought Mrs H was in control of her finances.

#### Lending decision in June 2024

Mrs H's limit was increased one final time in June 2024 to £350. I can see her credit file shows a missed payment on an external account however I don't think this would have been visible at this point, due to credit reference agencies taking some time to update their information.

Mrs H was still earning around £1,700 a month and didn't show any signs that she was overly reliant on the overdraft. I'm therefore satisfied this lending decision was affordable.

#### Did Santander act unfairly in any other way?

As I mentioned above, Santander confirmed that overdrafts are reviewed on a monthly basis. Mrs H's account management between June 2024 and October 2024 (when Mrs H raised her complaint) didn't suggest she was struggling financially. She did consistently use her £350 overdraft in full, sometimes going slightly over the limit, but the full amount was cleared as soon as she was paid. I'm not persuaded that Santander should have realised something was wrong and that Mrs H was struggling with her overdraft. There was no sustained usage of the overdraft during this period, and she appeared to be using it as expected – for short-term borrowing. So, I don't think Santander did anything wrong when they renewed her overdraft during this period.

I'm sorry to hear Mrs H has been unable to clear her balance because of the interest being applied. I appreciate that Santander showed some forbearance and stopped applying interest and charges after they issued their final response letter in December 2024. However, I'd like to remind them of their continued obligations to support their customers when they're in financial difficulty and encourage Mrs H to continue to reach out to Santander if she requires assistance.

Finally, I've also considered whether the relationship between Mrs H and Santander might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Santander lent irresponsibly to Mrs H or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

#### **My final decision**

For the reasons I've outlined above, I'm not upholding Mrs H's complaint about Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 13 January 2026.

Amelie Makris  
**Ombudsman**