

### **The complaint**

Mr P complains that Santander UK Plc ('Santander') declined his credit card transactions when he had an available credit limit.

Mr P had to make alternative arrangements for a large purchase, and wants £1,000 compensation to put things right.

### **What happened**

Mr P paid his credit card balance of £11,706.45 manually on 24 March 2025 but Santander still collected his direct debit that month. As Mr P didn't have the funds to pay his bill twice, the direct debit was unpaid.

On 17 April 2025 Mr P tried to make a purchase using his credit card, but this was declined. A discount was available for a limited time, so Mr P sold stocks and shares to fund the purchase. Over the next few days, further transactions were declined.

On the 21st of April 2025, Mr P contacted Santander via online chat and was told transactions were declined due to insufficient funds, but it wasn't clear why this was the case. On 22 April 2025 Mr P telephoned Santander again to make further enquiries and logged a complaint.

Santander didn't uphold Mr P's complaint. They said a credit limit could only be spent once in a billing cycle, regardless of Mr P paying within that cycle. Santander said that when Mr P paid his balance it did not re-set his credit limit moving forward and he'd have to wait until the beginning of the next cycle for the credit to be available.

Mr P referred his complaint to the Financial Ombudsman Service. Santander then explained that Mr P's direct debit transaction had been reversed on 28 March 2025 which was when his next billing cycle began. Santander said a reversal is treated like a purchase, and so the failed direct debit used up £11,706.45 of Mr P's credit limit for April 2025.

Our investigator thought the direct debit had been correctly taken, and Santander had followed their process when the direct debit was unpaid. On that basis, our investigator didn't think the declined transactions were unfair. However our investigator didn't think Santander had communicated clearly with Mr P in these circumstances, and recommended Santander pay Mr P £150 for his distress and inconvenience. Santander agreed.

Mr P was unhappy with Santander's further explanation and said he'd not been alerted he was near his credit limit. Mr P also said if he only had an available credit limit of £1,493.55 for April 2025 then he shouldn't have been able to exceed this on 5 April 2025. He thought Santander's position was inconsistent and unjustifiable. Mr P suggested a different way of settling things but Santander didn't agree. Mr P then sought an ombudsman's 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.

I've taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

Having done so I don't think Santander have treated Mr P fairly in these circumstances, and I think they should pay compensation to Mr P for his distress and inconvenience. I agree with our investigator that £150 is a fair and reasonable sum. I'll now explain my decision.

The Financial Ombudsman Service resolves individual complaints based on what is fair and reasonable in the circumstances of each case. So it is not for this service to interfere with a firm's processes, systems or controls nor to fine or punish a business. Those are considerations for the Financial Conduct Authority ('FCA'), as the regulator.

I'm satisfied that Santander were entitled to take Mr P's direct debit, despite his earlier manual payment. Mr P's credit card statement sets out that a payment made near to the direct debit date will not avoid the direct debit being taken.

I've seen evidence that the direct debit was requested and reversed due to insufficient funds. I recognise Mr P's frustration that this doesn't appear on his credit card statement, but I don't agree that Santander don't have a record of this transaction as it is held internally. Similarly, Mr P's declined transactions between 17 April 2025 and 21 April 2025 are recorded internally and not on Mr P's credit card statement.

I think Mr P's manual payment of £11,706.45 did clear and this reduced his account balance. I agree this would normally free up a corresponding amount of available credit limit the following month. However, Mr P's direct debit was reversed on 28 March 2025, the date of his next billing cycle, so this reduced April 2025's available credit limit. I sympathise that this feels artificial given no money exchanged hands, but I think this is in line with Santander's process and is not something I can interfere with.

Mr P was concerned that Santander didn't tell him this had happened. I accept Mr P's April 2025 credit card statement indicated his available credit limit would be £12,310.73 – but I think it's fair to note the statement also says this amount is for guidance and subject to items in transit.

I've also considered that Mr P didn't receive a 'near credit limit' alert for his spending in April 2025. Santander say this wasn't sent as Mr P's account balance didn't reach 90% of his credit limit. I think this is reasonable as Mr P had manually paid £11,706.45, and this was correctly accounted for.

Mr P recently said I should disregard Santander's explanation for what happened because their actions undermine their position. To support this Mr P says he was able to exceed his available credit limit on a few occasions before his large purchase was declined on 17 April 2025. He doesn't think this is fair and thinks it indicates Santander are lying about what happened.

I asked for Santander's comments, but they didn't provide a full explanation. I have therefore considered the evidence that's available. I've not decided if Mr P was allowed to exceed his available credit limit, because I'd need to see further evidence from Santander to fairly assess this. But even if Mr P is right, I don't agree this undermines Santander's stance in relation to Mr P's present complaint. I say this because the terms of his agreement indicate it's within Santander's discretion to allow a transaction over limit, but they might charge a fee.

I acknowledge Mr P's misgivings but I don't think there's been an error with the declined transactions in April 2025. This means that I won't ask Santander to cover Mr P's financial losses for cashing in stocks and shares to fund his purchase on 17 April 2025.

I recognise this is disappointing for Mr P. But even if Santander had made an error declining the transaction I don't think I would be persuaded to ask them to cover the cost of Mr P's lost return on his investment. I've not seen any evidence of the actual loss incurred, and I agree with our investigator that it was Mr P's choice to cash in the shares rather than use an alternative (and potentially less impactful) source of funds. I accept that Mr P anticipated being able to use his credit card, but I don't think anyone is entitled access to credit in the same way they are entitled to use their own money.

I agree with our investigator that Santander didn't communicate fairly with Mr P about what happened. I say this because Santander couldn't explain why Mr P's transactions were declined during the online chat. And I don't think Santander's final response to Mr P's complaint clearly explained that Mr P's direct debit reversal had been treated like a purchase in April 2025's billing cycle, which was why his manual payment in March 2025 hadn't freed up his credit limit for spending. I think this level of detail was required to help Mr P's understanding.

I agree with our investigator that Santander should pay Mr P £150 to recognise they've caused some avoidable distress and inconvenience here as Mr P had to raise a complaint and bring it to our service to get an answer for what happened. I think this amount is in line with our approach, which is explained on our website.

### **Putting things right**

Unless they have already done so, Santander UK Plc must pay Mr P £150 for his distress and inconvenience.

### **My final decision**

For the reasons I've outlined, Santander UK Plc must put things right as I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 30 December 2025.

Clare Burgess-Cade  
**Ombudsman**