

## **The complaint**

Miss W complains that Santander UK Plc (Santander) was irresponsible in granting her a personal current account overdraft, as it was unaffordable for her. She also complains that Santander allowed her to retain the overdraft when she was using it to gamble and spend compulsively.

## **What happened**

Miss W opened a current account with Santander in January 2023. In November 2023, Miss W applied for – and Santander granted – a personal current account overdraft facility, initially with a credit limit of £100. The credit limit of the overdraft was increased several times, up to £2,500 on 1 January 2024. The credit limit was then reduced to £1,000 on 15 January 2024.

In 2025, Miss W complained that Santander had been irresponsible in granting the overdraft facility, and in allowing her to retain the overdraft when she was using it to gamble and spend compulsively.

In its final response, Santander said it thought it had acted fairly and reasonably.

Miss W wasn't happy with Santander's final response, and referred the complaint to our service.

One of our Investigators considered Miss W's complaint. In summary, he thought that Santander shouldn't have granted Miss W the overdraft facility, as her transaction history showed signs of historic financial difficulties and was using her account to gamble a significant amount.

To resolve things, our Investigator recommended that Santander refund interest, fees and charges applied to the account, and amend Miss W's credit file.

Miss W accepted the Investigator's opinion. Santander disagreed. As the case couldn't be resolved, it comes 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.

I've considered the relevant rules and guidance on responsible lending set by the FCA, laid out in the consumer credit handbook (CONC). In summary, these say that before Santander granted the overdraft, and prior to each credit limit increase, it needed to complete reasonable and proportionate checks to satisfy itself that Miss W would be able to repay the debt in a sustainable way, without borrowing further elsewhere. As this was an open-ended account Santander needed to consider whether Miss W would be able to repay the debt within a reasonable period. It also had a duty to review the account regularly to ensure the overdraft continued to be affordable for Miss W.

### **Granting of the overdraft facility**

In November 2023, Santander granted Miss W a personal current account overdraft facility of £100. As I've explained above, prior to granting the overdraft, Santander needed to conduct proportionate checks to satisfy itself that the limit would be sustainably affordable for Miss W.

Santander has provided a copy of the information it received from a credit reference agency, which showed that Miss W had existing credit commitments totalling around £10,900. It showed she had no recent missed payments, and no county court judgments (CCJ).

Miss W's transaction shows she was making payments towards third party debt collection agencies, which indicates she'd experienced financial difficulties in the past. But I don't think that, in itself, should have prevented Santander from granting the overdraft facility.

That said, this appears to have been Miss W's main account. So, as well as information from a credit reference agency, to conduct proportionate checks I think Santander ought to have considered the information it held about her actual income and expenditure based on her transaction history, before it granted the overdraft facility.

On the face of it, Miss W had sufficient disposable income for the initial credit limit of £100 to be affordable for her. However, in the three months prior to the application, Miss W spent an average of £400 a month on gambling. This was over 25% of her income from employment.

Santander needed to ensure that the credit limit of the overdraft facility was not only affordable, but sustainably affordable for Miss W. Had Santander considered the information it held about Miss W's account usage, as I think it should have done, I think it would have had concerns that the overdraft facility wouldn't be sustainably affordable for Miss W.

Overall, taking everything into account, I don't think Santander acted reasonably in granting the overdraft facility to Miss W.

### **Putting things right**

To resolve this complaint, Santander UK Plc should:

- Rework Miss W's current overdraft balance so that all interest, fees and charges applied to it onwards are removed.

#### **AND**

- If an outstanding balance remains on the overdraft once these adjustments have been made, Santander should contact Miss W to arrange a suitable repayment plan.

Miss W is encouraged to get in contact with and co-operate with Santander to reach a suitable agreement for this.

#### **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 W along with 8% simple interest on 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 Miss W's credit file. Santander can also reduce Miss W's overdraft limit by the amount of the refund if it considers it appropriate to do so.

I've also considered whether Santander's actions have meant there's an unfair relationship between it and Miss W. However, I'm satisfied the redress I have directed above results in fair compensation for Miss W in the circumstances of her complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

**My final decision**

My final decision is that I uphold this complaint. To resolve things, Santander UK Plc should take the steps outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 11 March 2026.

Frances Young  
**Ombudsman**