

The complaint

Santander UK Plc ('Santander') provided Miss S with a student overdraft in December 2019 with a limit of £2,000. Subsequently there no increases to the overdraft limit. Miss S says Santander failed to lend reasonably or to monitor the overdraft for financial difficulty after 2019.

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.

I've read and considered the whole file, but I have confined my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context.

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 S's case.

I've decided not to uphold this complaint. I say that because I think that Santander acted fairly because:

- I think the checks Santander used when agreeing the overdraft were reasonable and proportionate, given the overdraft limit being granted and what it knew about Miss S's financial situation. I say that because the account had existed with a £2,000 overdraft before it was made into the student account in 2019. By agreeing to the account becoming a student account Santander kept the existing overdraft limit and made it interest free. And the evidence provided suggests the account had been well managed for the most part. There appear to have been no signs of defaults or missed payments on Miss S's account in the immediate history (a year and a half) at the time of the lending decision.
- I also think the checks Santander used were enough to monitor and review Miss S's overdraft usage. I have also considered that payments out seem to have a proportion of discretionary expenditure. So, identifying financial difficulty is not straightforward. And for the most part Miss S managed her account to stay within her agreed overdraft limit and there were times when the account was in credit.
- And when the account had been used more often, I see that Santander contacted Miss S to make her aware of her regular overdraft use and also reached out to offer help with managing her overdraft.

- So, looking at all of the submissions made to me in this case, I don't think Santander acted unfairly in any other way.

This means I don't think Santander did anything wrong, either when it provided Miss S with the overdraft limit in 2019, or in the way it monitored her use of it subsequently.

I note the account went into a debt management plan. And I note that Santander suspended interest payments on the account in the six months before that. Miss S is disappointed that Santander eventually closed the account and noted the default which has affected Miss S's credit score.

At that time, the long-term debt management plan was in place with only a token repayment of £1 a month offered by Miss S. Santander's actions reflect that Miss S had little chance of repaying the debt in a reasonable period and they had also agreed to stop adding interest and charges on that basis. So, closing the account does not seem unreasonable. Having done so, Santander are obliged to be accurate in the information they record on how consumers manage their accounts with them. So, I do not consider it unreasonable for Santander to have acted the way it did.

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

I know this isn't the outcome Miss S hoped for. But for the reasons above, I'm not asking Santander to do anything to put things right.

My final decision

My final decision is that I'm not upholding Miss S's complaint about Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 10 April 2026.

Douglas Sayers
Ombudsman