

The complaint

Mr P argues that Santander UK Plc treated him unfairly by allowing him to enter an unarranged overdraft on his current account.

What happened

On 26 October 2024 a number of debit card payments were taken from Mr P's account. As Mr P didn't have the funds in his account or an arranged overdraft this put Mr P's account into an unarranged overdraft. A small payment of £4.20 was also paid in early November 2024. And so, the total balance of the unarranged overdraft was £946.94.

Mr P argues that if there wasn't funds in the account then Santander shouldn't have agreed the payments. And that he shouldn't have been allowed to enter an unarranged overdraft which he didn't agree to.

He says that as a result of Santander's actions, his account was closed. He is also unhappy that Santander only offered a repayment plan to repay the outstanding balance. However, Mr P says he was unable to meet this plan as he was unwell at the time.

The outstanding balance was defaulted and passed to a third party. Mr P feels this is unfair as he says he should not have been put into debt without an overdraft facility in place. He says this matter has been stressful and resulted in adverse information being recorded on his credit file.

Santander considered the complaint but didn't agree. It argued that the terms and conditions of the account allowed Mr P to enter an unarranged overdraft in these circumstances. It said Mr P had set up recurring transactions on the account, so Santander allowed the transactions to be processed. It also said Mr P would have agreed to these terms and conditions when he opened the account.

In addition, Santander has said that in November 2024 it wrote to Mr P about the unarranged overdraft. It said it sent a number of subsequent letters which weren't responded to. In February 2025 Santander wrote to Mr P explaining it was going to default the account. Mr P subsequently responded and a repayment plan of £100 per month was set up to repay the outstanding balance. However, when no payments were received the account was defaulted and the debt was sold to a third party.

Mr P complained about Santander's actions to our service. One of our investigators considered the complaint but didn't uphold it. She thought that Santander had acted in line with the terms and conditions of the account by allowing the payments to create an unarranged overdraft. She also thought that Santander had taken sufficient steps, including reasonable forbearance before it had defaulted the account. They also didn't think it was unfair in the circumstances for Santander to default the account.

Mr P didn't agree and asked for an ombudsman to consider the complaint. So the complaint has been passed to me to consider.

During the life of the complaint Mr P has made further arguments about the information which was subsequently reported to credit reference agencies by both Santander and the debt purchaser. As Mr P didn't raise this when he initially complained, I can't consider it now. Mr P will need to raise those points separately and to the applicable business responsible, before he could refer this to our service.

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 going to uphold this complaint. I appreciate this will be disappointing for Mr P. I'll explain why below.

Unarranged overdraft

From everything I've seen, there's no dispute about the payments being initially authorised by Mr P. The payments were taken with the assistance of a third-party company which offers buy now, pay later facilities and rewards for connecting your bank account to make the payment through it.

Santander has said that as part of investigating his complaint, it spoke to Mr P. Mr P confirmed that he thought the payments had been arranged to be debited from another of his bank accounts. So, it's clear Mr P initially authorised the payments to be made, however he may have since overlooked which account he arranged for them to be debited from.

Mr P's complaint is that the unarranged overdraft wasn't authorised by him and as he didn't have the funds in his account, Santander shouldn't have allowed the payments to go through.

Looking at the terms and conditions applicable to Mr P's current account, I can see under Part 2, Section 2B.1.7.3 it says:

“Without contacting us at all, you can also request an Unarranged Overdraft by trying to make a payment from your current account:

- (i) where you do not have enough available money in your account to make the payment and you have no Arranged Overdraft; or*
 - (ii) the payment causes your current account to go over, or further over, any Arranged Overdraft limit we have previously agreed with you,*
- and in either case this is referred to as an Unarranged Overdraft request.”*

So, under the terms of the account, Mr P didn't need to make a specific request for an unarranged overdraft facility. By entering an unarranged overdraft through authorising payments without the funds in his account, Mr P was treated as having requested this.

I therefore think Santander acted in line with the terms of the account when it allowed payments, which Mr P had authorised, to debit his account. And I'm mindful that although the combined amount is relatively high at £948 in total, this wasn't a single payment of this amount. It was a number of smaller amounts of which the vast majority were debited on the same day. So, taking everything into consideration, I don't think Santander has treated Mr P unfairly by allowing him to enter an unarranged overdraft in these circumstances.

Forbearance following the unarranged overdraft

Santander wrote to Mr P on 1 November 2024 informing him he had entered an unarranged

overdraft. It explained that the full balance was now payable within 30 days and that his account would be restricted until he made this payment.

I can see Santander wrote to Mr P again on 28 November 2024 chasing the payment due. It gave Mr P information about various charities which could offer support if he was struggling financially.

On 14 January 2024 Santander wrote to Mr P informing him it was concerned with how he was managing the account. It asked him to repay the outstanding balance in 14 days or it would close his account. It wrote to Mr P again at the end of January 2024 reiterating its concerns and saying that the account was now payable in full. Santander has said it didn't receive a response from Mr P so it issued a notice of default. In response to this Mr P contacted Santander and set up a repayment plan for £100 per month. However, Mr P didn't make the agreed payments. Santander wrote to Mr P on at least two further occasions and when it didn't receive a response the account was defaulted, closed and sold to a third party.

Having considered the actions Santander took, I think it did exercise reasonable forbearance in the circumstances. It wrote to Mr P on a number of occasions and was clear about the potential consequences of non-payment. It also provided information about various organisations, which can help when an individual is in financial difficulties, and agreed to set up a repayment plan. I appreciate Mr P has explained he was experiencing difficult personal circumstances. However, from everything I've seen, Santander tried to engage with him about the outstanding debt and offer reasonable forbearance. Unfortunately, Mr P didn't maintain the repayment plan and failed to respond to a number of the letters it sent. So, I can't say Santander acted unfairly in defaulting and closing his account, or for initially reporting this to credit reference agencies.

I understand Mr P is unhappy about the subsequent reporting of this account to his credit file. However, as explained above, Mr P will need to raise this as a separate complaint and so I make no findings in relation to the ongoing reporting of the account.

My final decision

My final decision is that I don't uphold this complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 13 April 2026.

Claire Lisle
Ombudsman