

The complaint

Mrs B complains that Santander UK Plc (“Santander”) acted irresponsibly when it provided her with an overdraft she couldn’t afford, failed to monitor her overdraft and act on patterns of reliance and that it failed to spot signs of her financial difficulties.

What happened

Mrs B has had a Santander bank account for a number of years and in October 2019 applied for and was granted an initial overdraft facility with a credit limit of £450. Over the years, the overdraft limit increased and decreased until May 2023, it had reached £3,0000. The current limit is £500 after it was decreased again.

In May 2025 Mrs B complained to Santander that it had been irresponsible in providing her with an overdraft and increasing her limit and that it failed to assess or recognise patterns of financial difficulty.

Santander didn’t issue Mrs B with a final response letter (FRL) and so she brought her complaint to us in July 2025

Mrs B’s complaint was considered by one of our investigators who concluded that Santander had failed to recognise and act appropriately on signs of financial difficulty. Our investigator upheld Mrs B’s complaint from February 2023, the time they felt Santander should have stepped in.

As neither Mrs B or Santander accepted the investigator’s view, the complaint has been passed to me for review and decision.

On 1 April 2026 I issued a p[rovisional decision on this case. In summary I said:

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 can confirm that I’ve reached the same overall conclusion as our investigator and don’t think Santander has acted fairly. However, I’ve done so for slightly different reasons and intend to uphold this complaint from an earlier point in time, pending any further comments or evidence from either party. I’ve also recommended that Santander pay additional compensation for failing to identify and support a vulnerable consumer.

I’m aware that I’ve summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I’ve focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I've got is incomplete, unclear, or contradictory, I've to base my decision on the balance of probabilities.

Did Santander conduct proportionate checks prior to making its lending decision?

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

So before approving the initial overdraft limit, Santander needed to make proportionate checks to determine whether the credit was affordable and sustainable for Mrs B. There isn't a prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include – but aren't limited to the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. And it's important to note that an overdraft is designed for short term borrowing. I'd also expect Santander to think about Mrs B's ability to repay the whole borrowing in a reasonable period.

The initial lending decision was made in October 2019, within six years of when Mrs B made her complaint. Although we have limited information about this initial lending, given what I know about Miss B's income at the time and the relatively small initial overdraft limit of £450, I'm satisfied that Santander conducted proportionate checks and made a fair lending decision at the time.

For all the subsequent increases prior to the November 2022 one, I'm satisfied that Santander made fair lending decisions albeit I agree with our investigator that some of the checks conducted may not have been proportionate. I think that leading up to the September 2022 overdraft limit increase, when the limit increased from £1,500 to £2,000, Mrs B was becoming increasingly dependent on her overdraft. Although she was overusing the facility at times as Santander had spotted, she wasn't constantly overdrawn and appeared to have a sufficient disposable income left each month to repay the overdraft in a reasonable period of time if required. Although there was some adverse information on her credit file, on balance, I don't think it was enough by itself to indicate the increases were unaffordable or unsustainable.

So up until September 2022, I think Santander made fair and reasonable lending decisions.

Santander's decision to increase Mrs B's limit and its responsibility to monitor her usage

Looking at Santander's decision to increase the limit to £2,500 in November 2022, by that time there was clear evidence of significant gambling on her account. And whilst these applications to increase the credit limit were made and approved online, Santander had a

continuing responsibility to ensure the increases were both affordable, sustainable and wouldn't put Mrs B at risk of further financial difficulty.

Prior to the increase in November 2022, Mrs B had applied for two credit cards with Santander in January 2022 and July 2022 with a total credit limit of £6,500. And after the November 2022 overdraft limit increase was granted, in December 2022 Mrs B took out an £8,000 loan with another provider. This loan amount was paid into her Santander current account and used to pay off other debt, bring her current account back into credit and fund further gambling. So in essence, Mrs B was using debt to pay off further debt and was a clear sign of financial hardship.

Santander have a responsibility to protect vulnerable customers. And this includes ensuring they have appropriate systems in place to flag up concerning patterns of account usage and repeated requests for borrowing, as in this case, to help identify customers showing possible signs of vulnerability.

I think Santander should have at the very least, sought to question why Mrs B was trying to increase her limit further after approving £6,500 in credit card limits the same year. Although I've not seen any evidence that Mrs B told Santander she had an issue with compulsive gambling, I think had it conducted appropriate checks and looked at the unusual patterns of spending via gambling sites, it would have uncovered that Mrs B was intending to use this credit to gamble. I say this as Mrs B's account usage both before and after the credit limit increase in November 2022 to £2,500 shows repeated and significant spending on gambling.

Santander did send Mrs B a series of communications from November 2021 after it identified she was repeatedly in her overdraft. And in July 2025 Santander sent Mrs B a further letter where it had identified the gambling on her account and signposting her to organisations that could possibly help her. But I think this was a case of 'too little, too late.' I say this as there were clearly signs that Mrs B was experiencing financial difficulty and gambling excessively at the time of the overdraft credit limit increase in November 2022 and by the time Santander sent the letter regarding the account gambling, Mrs B had already complained to it. So it follows that I don't think this increase should have taken place and this would have been the correct juncture for Santander to step in and offer appropriate support regarding the excessive gambling.

The letters Santander sent to Mrs B invited her to speak if she had any questions or concerns. Because Mrs B didn't phone the bank after receiving the letters Santander doesn't think it did anything wrong as it believes the onus was on Mrs B to contact it. I disagree. In the first instance, I don't think a letter that highlights the cost of the facility is the same thing as something which indicates the business needs to consider further options due to potential over reliance on the facility.

So I think Santander should have been in contact with Mrs B about removing the facility, or at the very least reducing it to a more manageable limit given the fact it was aware of the further credit Mrs B had applied for and was granted by Santander in 2022 with two separate credit cards and the further increase in her overdraft limit. I say this as not only was Mrs B over dependent on her overdraft, but I also think there was clear evidence of financial hardship in the form of hardcore borrowing and which was being used to fund gambling. So it follows that I think Santander should have taken a more proactive approach.

So I agree with our investigator and I don't think Santander acted fairly when it failed to take further appropriate action to reach out to Mrs B but I consider it should have taken place earlier by November 2022. And of course, Santander should have sign posted Mrs B to adequate support at an earlier juncture than 2025 given there was clear evidence of

excessive gambling before and after November 2022. And Mrs B has provided some compelling testimony to us about the impact this has had on her financially and emotionally.

Did SANTANDER act unfairly in any other way?

I've also considered whether Santander have acted unfairly or unreasonably in any other way and if an unfair relationship existed between Santander and Mrs B, as defined by section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I've directed above results in fair compensation for Mrs B 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.

I then explained what Santander should do to put things right.

Mrs B accepted my provisional decision but Santander didn't and made further points to consider but didn't provide any new evidence to review. However, I will address the further points Santander raised below:

Santander said that although it identified Mrs B was overusing her overdraft, it didn't consider she was in financial difficulty and sent her overuse communications inviting her to contact her. But as I explained in my provisional decision, I consider there was signs of financial hardship by the hardcore borrowing being used to fund gambling which Santander should have been aware of. And as Mrs B didn't contact Santander, I think it should have taken a more proactive approach by considering other means of contacting her directly.

Santander said it did recognise that Mrs B was displaying financial difficulties from July 2024 but didn't remove or reduce the overdraft limit as there was not a sufficient balance available and had it done this it could have risked causing further financial hardship. But this wasn't the only option available to Santander as offering forbearance by stopping interest, fees and charges could have been considered had it been more proactive in trying to contact Mrs B. And in any event, I consider there was evidence of financial hardship long before July 2024.

Santander told us it does monitor gambling and has thresholds in place for intervention, which were met in 2025 and prompted its outreach. And Santander pointed out that her gambling wasn't translated into loss as Mrs B received high credits back into her account. Firstly, Mrs B was displaying unusual patterns of behaviour on her account in the form of gambling back in 2022 which should have prompted earlier intervention. And secondly, whilst Mrs B was receiving some high win amounts, I think the frequency of the gambling transactions should have prompted Santander to question whether Mrs B had a serious compulsive spending issue in the form of online gambling and stepped in earlier with appropriate signposting, regardless of her win to loss ratio.

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.

Whilst I acknowledge the further points that Santander have made which I've carefully considered, for the above reasons it hasn't altered my opinion on this matter. So as Mrs B has accepted my provisional findings and I haven't any new material evidence to consider, I can confirm that I have no reason to depart from them and I confirm them as final.

My final decision

My final decision is I uphold this complaint against Santander UK Plc who must now:

- Re-work Mrs B's current overdraft balance so that any additional interest, fees, and charges applied from November 2022 onwards are removed.

AND

- If an outstanding balance remains on the overdraft once these adjustments have been made, Santander UK Plc should contact Mrs B to arrange a suitable repayment plan for this. If it considers it appropriate to record negative information on Mrs B's credit file, it should backdate this to November 2022.

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 Mrs B, along with 8% simple interest (yearly) on the 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 UK Plc should remove any adverse information from Mrs B's credit file.*

*HM Revenue & Customs requires Santander UK Plc to take off tax from this interest. Santander must give Mrs B a certificate showing how much tax it's taken off if she asks for one.

Santander UK Plc should also pay Mrs B £300 compensation for its failure to offer support to a vulnerable consumer and the impact that failing has had on her.

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

Paul Hamber
Ombudsman