

The complaint

Mr K complains that Santander UK Plc wrongly allowed his ex-wife to reduce the overdraft limit on their joint account, which he says was facilitating economic abuse.

What happened

Mr and Mrs K held a joint current account with Santander with an overdraft facility. They separated some years ago, with their financial arrangements forming the subject of extended legal proceedings. Without going into specific detail here, the financial arrangements took into account property redevelopment of the matrimonial home, with undertakings given by both Mr and Mrs K, ratified by a court order.

More recently, Santander informed Mr K on more than one occasion that it had reduced the overdraft facility on the joint account. The action had the impact of reducing Mr K's cashflow, as he didn't have access to around £1,000. When Mr K discovered this, he complained to Santander. He believes the reductions were at the instigation of Mrs K, and that the bank shouldn't have allowed this. He made the point that Mrs K was no longer using the account, that her actions were contrary to the undertakings in the court order (which had already been supplied to Santander), and that they amounted to economic abuse.

Mr K feels Santander was complicit in this, and that it lied to him about the reasons for the reductions. He's also unhappy that the bank suggested he repay the remaining overdraft balance and cease using the joint account.

Santander's position is that it was entitled to reduce the overdraft limit in line with the terms of the account agreement. It initially told Mr K that its decision to reduce the overdraft limit was due to the management of the account, but subsequently said this had been done in response to a request it had received. As I understand it, the joint account has since been closed; however, noting the conflicting information Santander gave Mr K, the bank has offered to pay him £225 in recognition of any trouble or upset caused.

Our investigator felt the bank's offer was fair in this respect. She didn't think it had acted wrongly in actioning the overdraft limit reductions, whether this was at its own volition or at the request of the other accountholder. As Mrs K was a signatory on the account, it wouldn't have been wrong for Santander to accept her instructions.

Mr K didn't accept the investigator's findings and asked for this review. In doing so he provided a detailed response, which I've read in its entirety though for reasons of brevity I don't set this out in full here.

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.

As I've said, Mr K has provided detailed submissions of why and how he considers Santander to have acted incorrectly. While I've read and considered what he's said, I'm not

going to require Santander to take any further action or to offer additional compensation to Mr K. I'll explain why.

I appreciate Mr K considers he has been the victim of economic abuse. I don't accept, however, that this would have placed Santander under an obligation to maintain the overdraft facility at its original level. Santander's relationship with Mr and Mrs K was that of creditor and debtor. The bank provided lending to Mr and Mrs K in the form of an overdraft. The bank isn't under an obligation to continue to provide an overdraft facility indefinitely. It can reduce or remove such a facility at any time.

Mr K has placed a considerable degree of significance on the court order dated 5 May 2021. While I accept Mr K's contention that Santander was provided with a copy of this order, I'm not persuaded it carries as much weight in relation to Santander's actions as Mr K considers it does. Santander is not a party to that order and it has no binding effect on the bank.

Even if Mrs K was found to have breached the court order by requesting a reduction to the overdraft limit on the joint account, this wouldn't mean Santander wasn't entitled to take the action it did. The mere existence of a dispute between the parties can be sufficient for a bank to decide to reduce or remove an overdraft facility, particularly where – as is clearly the case here – the circumstances under which the facility was approved have significantly changed. So irrespective of who instigated the reductions, I've no reason to find that the bank acted incorrectly or unfairly in actioning them.

Given the background as described by Mr K, I can't find fault with the bank's suggestion that he cease using the joint account. That seems to me to have been rather a sensible proposal, removing as it would any ability of Mrs K to influence the operation of the account, which was one of Mr K's expressed concerns. That required repayment of the overdraft, and this seems to have been a continuing matter of dispute between Mr and Mrs K. But contractually, their obligation to Santander was that they were jointly and severally liable for the whole balance. Any dispute between Mr and Mrs K had no bearing on that position.

Mr K doesn't suggest that at any time Mrs K should've been removed as a joint account holder. Doing so would presumably have a) required the bank's agreement and b) meant he would have become solely liable for the overdraft balance, which was a situation his submissions indicate he wasn't keen on. The trade-off of keeping the account in joint names was that Mr K wouldn't have sole control of it.

It's unfortunate that the situation has developed in the way it has, and I've no doubt this has had a significant impact on Mr K and his ability to service payments due to the removal of the overdraft facility. But if Mr K believes that Mrs K has acted unreasonably towards him, then the right way to remedy that would be to take it up with her, rather than seeking remedy through Santander.

Ultimately, the circumstances in this case don't suggest that it would be appropriate for me to require Santander to do more than pay him the £225 compensation it has already proposed by way of recognising the distress and difficulty caused to him by the conflicting reasons it gave for the overdraft limit reductions.

My final decision

For the reasons I've set out here, my final decision is that to settle this complaint, Santander UK Plc should pay Mr K £225, as it has already offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 11 September 2024.

Niall Taylor
Ombudsman