

## **The complaint**

Mr and Mrs L complain that Santander UK Plc unfairly declined their applications for a Bounce Back Loan.

## **What happened**

Mr and Mrs L held a business account with Santander and decided to apply for a Bounce Back Loan (BBL) with the bank in July 2020.

The bank said it was unable to proceed with the application as there was an issue with Mr L's identification documents. Santander said its system needed to be updated before Mr and Mrs L could submit another application. Mr L took his identification to the bank branch but due to an error, his details weren't updated.

Mr and Mrs L made another application but as the system issue hadn't been resolved, the bank couldn't proceed, and the application was cancelled. As Mr L was abroad and unable to provide the identification again, the account was changed into Mrs L's sole name so she could make another application without further delay. Mrs L complained to Santander, who upheld the complaint and paid £75 compensation.

Several more applications were made by Mrs L as a sole trader, but these were also declined - firstly because Santander identified a further system issue for Mrs L and also because the turnover figure in the application didn't match the credits made to the account. Mrs L was unhappy that the BBL application had been declined again and made a complaint.

Santander didn't uphold the complaint. The bank said the applications had been correctly declined due to the discrepancy between the turnover declared on the applications and what could be seen going through the account. It recommended Mrs L review the turnover figure she'd declared before making another application. Mr and Mrs L didn't think the bank's stance was fair and asked this service to look into their complaint.

After the complaint was brought to the service, the bank made an offer of a further £100 compensation to Mrs L for the service relating to her account information – which she didn't accept.

Our investigator thought Santander's revised offer was a fair way to put things right. He said there were various issues with each of the five applications – including the turnover amount which couldn't be verified by the bank and issues with the account information – so he thought they'd been correctly declined. He also thought Santander could have seen the account information issues sooner, but the additional £100 compensation was a fair amount for the inconvenience caused.

Mr and Mrs L didn't agree and asked for an ombudsman to review the complaint. They said their application was based on the turnover from their annual accounts, of which they provided a copy. Mr and Mrs L also said they'd provided all the information the bank had asked for and changed the account to Mrs L's sole name as suggested by the bank – as it had misplaced the documents Mr L had taken to the branch as requested. So the case has been passed 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.

Having done so, I've come to the same conclusion as the investigator - for broadly the same reasons. I'll explain why.

Applicants had to meet certain criteria to be eligible for a BBL. This included the requirement to have been carrying on business on 1 March 2020 and maximum permitted borrowing from between £2,000 and 25% of their turnover to a maximum of £50,000.

When Mr and Mrs L submitted the first application, they declared a turnover of around £7.9 million pounds. Although this was likely to be a typo on the application, the bank correctly declined the application as this amount didn't match the turnover through the account.

Mr and Mrs L then submitted several more applications both jointly, and then with Mrs L as sole trader – however Santander declined all of these on the basis that the credits into the account didn't support the annual turnover they'd declared on the applications. Santander has provided copies of the account transactions which show that turnover through the account was significantly less than the turnover figure declared by Mr and Mrs L.

As Santander couldn't verify Mr and Mrs L's level of turnover, it wasn't satisfied that they met the eligibility requirements and declined their application accordingly. I think this decision was made in line with the Scheme rules and was reasonable in light of the information the bank reviewed.

Mr and Mrs L have told us they undertake some business transactions through another bank – due to their account with Santander not supporting some types of credit - and some transactions being made in cash. Mr and Mrs L have also provided us with a copy of their accounts which shows their turnover. I can understand why Mr and Mrs L think that Santander should have asked them for additional information which would have evidenced the turnover they declared – rather than just decline the applications.

However, the Scheme was put in place so that funding could be provided quickly to businesses affected by the Coronavirus pandemic. This – and the high level of applications that lenders were receiving - meant the bank had a largely automated process with checks using the account turnover, rather than asking for further information. Santander was entitled to set its own processes for handling applications, and I think this was a reasonable means of doing so quickly, as expected. So I don't think Santander did anything wrong in declining to seek further information from Mr and Mrs L before assessing their applications.

I also acknowledge Mr and Mrs L believe the bank hasn't acted in line with the government-backed Scheme rules in carrying out the checks that it did. However, under the Scheme rules, checks still needed to be made to ensure borrowers met the eligibility requirements, and with some discretion for lenders to have the final say as to whether to approve the loan. I don't think Santander did anything wrong in seeking to verify the information that Mr and Mrs L provided in their application in the manner it did.

Looking at the way Santander dealt with the applications, I can see that there was initially an issue with Mr and Mrs L's identification on the bank's system which meant the second application was declined. I think this was reasonable as Santander needed to hold correct information for applicants when providing the BBL.

However, I don't think the bank dealt with Mr and Mrs L's subsequent applications fairly. I say this because after this application was declined, Mr L took his identification to a branch as requested. But due to an error, the branch didn't get the documents uploaded. This meant when Mr and Mrs L applied again, the application was cancelled as Santander couldn't see the documentation had been received.

The account was then changed from joint names to Mrs L as a sole trader. Mr and Mrs L have always referred to themselves as a partnership and the original applications were submitted on this basis. Given that the change only took place after the issues with Mr L's documents, I think it's most likely that the bank suggested this as a way to reapply for a BBL more quickly. But it wasn't until Mrs L applied again in her sole name that the bank noticed a further error with her account information which meant another application was cancelled. The bank has acknowledged that it should have spotted this sooner.

I think that Santander's actions meant that Mr and Mrs L spent time completing two more applications than ought to have been necessary. The bank has apologised for the errors and offered an additional £100 compensation on top of the £75 it's already paid. I think it's likely Mr and Mrs L would always have made several applications for the BBL – as the first had a typo on the turnover figure, and there were system issues on Mr and Mrs L's profiles which needed to be changed after the second application – therefore the third application would always have been submitted.

Therefore, given the circumstances of the complaint, I think that the total of £175 now offered by Santander is fair compensation for the stress and inconvenience Mr and Mrs L were caused in having to make the two additional applications required due to the system issues that should've been resolved sooner.

I recognise Mr and Mrs L will be disappointed with my decision as they wanted more compensation. But based on what I've seen, I think Santander has done enough to put things right - so I won't be asking it to do anything more

### **My final decision**

Santander UK Plc has already made an offer to pay Mr and Mrs L a further £100 compensation for the inconvenience caused to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Santander UK Plc should pay the additional £100 - bringing the total compensation to £175.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs L to accept or reject my decision before 26 May 2022.

Jenny Lomax  
**Ombudsman**