

The complaint

Mrs S is a sole trader. She complains that Santander UK Plc unfairly declined her application for a Bounce Back Loan.

What happened

Mrs S had an existing personal account with Santander which she also used for her business.

In May 2020, Mrs S applied to the bank for a Bounce Back Loan, but Santander declined the application. The bank said this was because the account she'd entered on the application wasn't her main account. But Mrs S explained this was a mistake, and Santander let her reapply. Mrs S applied again in June and was asked to send in her tax return as evidence of her turnover.

In July, Santander declined Mrs S's application again, so she made a complaint. Santander then asked Mrs S to provide documentation to prove the nature of her business; firstly an invoice showing this type of income going through her account, and then a certificate to show she was able to carry out the type of work she'd described. Mrs S said she wasn't able to provide the certificate as she didn't need one due to currently being employed – and that evidence of her employed income could be seen going into her account. Mrs S also referred the bank to legislation explaining why a certificate wasn't required for her to practise at that time.

Santander's decision remained unchanged and it didn't uphold the complaint. The bank said it had fairly declined Mrs S's application as there wasn't enough evidence to confirm the nature of her business. Santander said they had a list of acceptable industry specific documents, and Mrs S had only supplied an expired certificate which they wouldn't accept.

So the bank suggested Mrs S provide a copy of a contract with the company she was working for, so it could look at this again. However, it said that under the Scheme rules, a borrower couldn't demand a loan even if they felt they were eligible. Mrs S didn't agree and felt Santander had treated her unfairly, so she asked this service to look into her complaint.

Our investigator recommended the complaint be upheld. He thought Mrs S had given enough information to Santander about the nature of her business and explained why the information the bank asked for wasn't relevant to her. So he recommended the bank look at Mrs S's application again and pay her £150 compensation for the inconvenience.

Santander didn't agree. It said that as Mrs S was applying using her current account and not a business account, it needed to be satisfied about the nature of her business to comply with its regulatory requirements. As it wasn't, it had used its discretion under the Scheme rules to decline Mrs S's application.

I issued a provisional decision on 3 February 2022. I said the following:

I've considered all the available evidence and arguments to decide what's fair and

reasonable in the circumstances of this complaint.

Although the Bounce Back Loan scheme is a government-backed scheme, there were still eligibility requirements - with checks having to be made and with some discretion for lenders to have the final say as to whether to approve the loan. The checks a borrower would be subject to when applying for a loan from any lender included, customer fraud, Anti-Money Laundering and Know Your Customer checks.

When Santander completed its checks, the bank noted Mrs S had applied using her personal account, not a business account - which it would accept, provided it could meet the requirements of its regulatory checks. I can see the bank wasn't satisfied it had the information required and declined the application, and I think this was reasonable.

Mrs S provided information about her income and identity which Santander accepted, however it needed more information about the nature of Mrs S's business. I recognise Mrs S provided additional information to show this, and that she feels she wouldn't have been asked this information if she'd applied through a business account. But I don't think that's a reasonable assessment.

I say that because, if Mrs S had applied using an existing Santander business account, the bank would have already carried out these checks at the point of opening the account. So Mrs S would have needed to provide the requested information at that point, rather than at the time she wanted to apply for a BBL, and Santander would have had the information it needed to meet its regulatory requirements.

Santander have explained to me why they were unable to accept the information Mrs S provided, and I'm satisfied with the bank's decision. I also haven't seen any evidence they treated Mrs S unfairly because of the account she used to make the application. I don't think it's reasonable to expect Santander to explain in detail why this wasn't acceptable and in effect allow Mrs S to circumvent its checks. I recognise this was frustrating for Mrs S as she felt she'd given enough supporting evidence, but it was within Santander's discretion to decide if this information met its requirements. So I won't be asking Santander to reassess Mrs S's application as I feel the bank's decision was fair.

However, I think the bank could have explained to Mrs S more clearly that it had reviewed all the information she'd provided, and this still wasn't sufficient. I've looked at the bank's response and I think the intention was to say that Mrs S had only provided one of the pieces of information it was able to accept - rather than just one piece in total. But Santander have told is part of its decision was because Mrs S account activity didn't support what she'd declared and some of the information she'd provided was dated after the application had been submitted. I think it would have been reasonable for the bank to share this type of information with Mrs S when it responded to her, so she could make an informed decision on what to do next.

Based on what I've seen, I think Santander's response to Mrs S caused her distress and inconvenience as she didn't know why the additional information wasn't acceptable. Mrs S also told the service she's incurred costs reinstating the certificate Santander said was sufficient evidence in the hope this would help. And I don't think she would have done this - particularly if the bank had explained it couldn't accept supporting information which was dated after the application had been submitted. So I think Santander should refund Mrs S the costs she incurred from obtaining a new certificate totalling £613.

I recognise that Mrs S feels strongly about this and she'll be disappointed with my decision as she wanted Santander to reassess her application. But based on everything I've seen, I think the bank's decision to decline her application was fair. However, I think Santander

could have explained its decision to Mrs S more clearly so she could make an informed decision on what to do next. And I think it should pay Mrs S £100 compensation for the distress and inconvenience caused by this.

I invited Mrs S and Santander to give me any more evidence and information they wanted me to consider before issuing my final decision. Santander asked for proof of the costs Mrs S incurred and said it didn't agree as it wasn't happy with the evidence Mrs S had supplied.

Mrs S also didn't agree. In summary she said:

- in her role, she can lawfully work without a certificate if she is working along side someone who has a certificate, but regardless of the certificate status she was running a business;
- her employed and self-employed income was visible through her account with the bank and her tax return evidenced this;
- she thinks she's entitled to BBL and doesn't accept that the bank's regulatory checks should prevent her from having one as she believes there was enough evidence to support her application;
- she had no intention of circumventing the bank's checks, but she wants a better explanation of why her application wasn't successful;
- she believed she met all the bank's requirements for a business account, and had been penalized for applying for a BBL through her personal account; and
- the decision outcome should be based on what was fair due to the unprecedented time caused by the pandemic, rather than regulatory checks.

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 reached the same conclusion as I did in my original decision.

Mrs S has explained at length why she feels Santander has acted unfairly and why she believes she's eligible for a BBL. She's also asked for clarification about some of the area's the bank wasn't satisfied met its criteria. However, as I said in my provisional decision, Santander has discretion under the Scheme to decide who it will provide a BBL facility to. The bank has exercised its discretion in this case, and I think that's reasonable.

I acknowledge Mrs S wants clarification on the area's Santander wasn't happy with when completing its checks, and that she's provided further evidence she believes support her application. However, I have given Mrs S as much information about the checks as I am able to provide. I asked Santander for further information about why it wasn't prepared to offer Mrs S a BBL, and I'm satisfied with the information it gave. Santander doesn't have to disclose further information about the checks it undertook, and I can't reasonably ask it to do so.

I recognise Mrs S believes she meets both the Scheme and business account eligibility criteria, and that she's been treated unfairly as she applied using a personal account. However, I haven't seen any evidence that's the case, as Santander allowed borrowers with personal accounts to apply - provided they met the bank's criteria. I haven't seen anything that suggests Mrs S was treated differently to any other borrower using their personal account. Although I said in my provisional decision that if Mrs S had a business account these checks would have already taken place, there is no guarantee that Santander would have chosen to open Mrs S a business account as this would have also been subject to the

bank's checks – and I can't say what its decision would be.

I acknowledge Mrs S believes this decision should be based on what's fair. But this service is impartial, and I have to be fair to both parties and consider all the evidence provided – which includes any regulatory requirements. So whilst I understand my decision will be disappointing for her, I don't think Santander treated her unfairly by declining her BBL application as this was in line with what was permitted under the Scheme rules.

Santander has told us its unhappy with the proof of costs Mrs S has provided. However I don't agree. I'm satisfied that the evidence Mrs S has supplied along with her explanation behind the costs is reasonable. Therefore my decision remains the same that the bank should refund these costs plus £100 for the inconvenience caused.

My final decision

My final decision is that I uphold this complaint in part. I instruct Santander UK Plc to do the following:

- refund Mrs S the £631 she incurred for recertification
- pay £100 compensation for the distress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 15 April 2022.

Jenny Lomax
Ombudsman