

The complaint

Mr L complains Santander UK Plc irresponsibly provided him with two credit cards and limit increases which were unaffordable for him.

What happened

Santander approved Mr L with two credit cards in November 2010. Card ending 2025 had an initial limit of £3,000 and was increased once to £4,020 in March 2013. Card ending 4071 had an initial limit of £3,000 and had two limit increases; to £4,100 in June 2014 and £5,600 in December 2016.

Mr L appears to have complained to Santander around March 2021. He said Santander hadn't lent responsibly; as had it completed reasonable and proportionate checks it would have identified these cards were unaffordable for him. Mr L brought his complaint to our service when Santander didn't uphold it.

Our investigator reviewed the details and didn't uphold Mr L's complaint. From the evidence he had been provided he said on the whole Mr L had been maintaining his Santander accounts well; in addition to the other credit accounts he held. He noted there was evidence of gambling on one of Mr L's Santander cards, but that this was nearly two years after the latest increase across the cards; and that the gambling was confined to a month. He said this didn't appear to suggest a pattern of gambling; and that taking into account Mr L's management of the accounts there were no identifiable concerns which he considered ought reasonably to have led Santander to complete further checks. He therefore concluded Santander's checks at each lending event were reasonable and its lending decisions across both cards were fair.

Mr L didn't agree with our investigator's outcome. In summary, he said the cards were unaffordable from the outset and this would have been clear to Santander had it completed reasonable and proportionate checks. In support of his argument Mr L referenced his credit report and his statements, suggesting it would have been clear from these that the lending was unaffordable. Mr L also said he'd made many cash withdrawals across the years and was gambling, and that Santander should have identified he was vulnerable.

Our investigator reviewed this information but said it didn't change his opinion; he explained to Mr L that he had already considered this as part of his initial investigation.

Mr L asked for an ombudsman's review, so the complaint 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 reached the same conclusion as our investigator, for broadly the same reasons. I've explained why below.

We've set out our approach to complaints about irresponsible and unaffordable lending, as well as the key rules, regulations and what we consider to be good industry practice, on our website. I've used this approach to help me decide Mr L's complaint.

The relevant rules, regulations and guidance at the time Santander provided Mr L these cards and limit increases required it to carry out reasonable and proportionate checks. These checks were in part to assess Mr L's ability to afford to repay the cards sustainably without causing him financial harm.

There isn't a set list of checks a lender needs to carry out, but they should be proportionate, taking into account things like the type, amount, duration and total cost of the credit, as well as the borrower's individual circumstances. And it isn't sufficient for Santander to just complete proportionate checks – it must also consider the information it obtains from these checks to go on and make a fair lending decision.

Santander has said it has limited information covering the lending decisions because of the amount of time that's passed. It has said it can't evidence what checks would have been completed at the time of each lending event, but that these would have been in line with its lending policies at that time.

Because of the amount of time that has passed since these lending decisions were made, I don't consider it unreasonable that Santander no longer has the information. The initial lending decisions were over ten years ago, and the last limit increase was made around six years ago. So, where the evidence is incomplete, I've taken into account what I consider, on balance, was more likely to have happened and been available to Santander at that time.

The initial lending decisions to approve cards ending 2025 and 4071

Mr L was provided with two credit cards in November 2010, each with a limit of £3,000.

I have no details of the checks Santander completed at these applications, however it has said the applications were completed in branch, although it can't provide the agreements. It has said it completed checks in line with its lending policy at the time. Given that this was the beginning of its lending relationship with Mr L, I consider there would have been a proportionately lower level of checks that Santander needed to have completed, bearing in mind the checks needed to be proportionate to the credit being applied for, as well as Mr L's circumstances.

Mr L has provided our service with a credit report dated September 2009 (around 14 months prior to this lending) as evidence of his financial situation. This is too much of a gap for me to safely accept as evidence of Mr L's financial position in November 2010. But I've noted the credit report doesn't appear to show any signs of financial distress. Mr L has a couple of other lines of credit, which all appear to be within agreed limits and being maintained well. There's nothing to indicate from this credit report that Mr L was in financial difficulties and struggling to afford his existing lending.

So, as the evidence from the initial lending decisions is limited, it therefore follows that in the absence of any further evidence around the time of the applications, I can't safely conclude Santander made unfair lending decisions when approving the two cards.

The limit increase on card ending 2025

Around March 2013 Mr L's limit was increased to £4,020 on card ending 2025.

At the time of the increase Santander had a reasonable period of account history and management to review. I've seen Mr L had maintained this account well (and had also maintained card ending 4071 well). His balances on both accounts had kept within the £3,000 limits and were often cleared in full each month, or payments above the minimum amount were made.

Mr L has indicated that he made a number of cash withdrawals on his cards which should have alerted Santander to possible financial difficulties; and led to it completing more detailed checks before increasing the limit. While I can see there were a number of cash withdrawals, these were generally spaced out across the years and there were large periods of months where no cash withdrawals were made. Across the near two and a half year period before this limit was increased, Mr L had made cash withdrawals totalling just over £1,000 on this card; and around £2,400 on card ending 4071. I don't consider over that period of time that these ought reasonably to have been of concern to Santander, or have led to it conducting further checks before approving the limit increase. As I've said above, Mr L was maintaining the cards well and there were no signs that this limit increase would be unaffordable for him.

So, as I don't consider there was anything from the information Santander would likely have considered which would reasonably have suggested further checks were required, I consider it completed reasonable checks and went on to make a fair lending decision when increasing Mr L's credit limit on card ending 2025.

The limit increases on card ending 4071

June 2014 to £4,100

Around June 2014 Santander increased Mr L's limit on card ending 4071 to £4,100. Santander could see Mr L had been maintaining both cards well with balances being repaid in full or in excess of the minimum monthly payments across both cards. Santander could also see that Mr L hadn't used the card ending 2025 since around September 2013, suggesting no signs of financial difficulties as Mr L wasn't utilising all available credit.

As detailed above, Mr L had taken a number of cash advances across both cards between 2010 and this limit increase. As I found above, these were relatively intermittent; and between the limit increase on card ending 2025 and this limit increase of around 15 months, there had been a further five cash advances, totalling just over £200. I don't think this on its own ought to have led Santander to have completed more detailed checks, or concluded that the limit increase to £4,100 would be unaffordable to Mr L.

In the absence of any contrary information, I consider Santander completed proportionate checks. And, in the absence of any further evidence, I think it made a fair lending decision when approving the limit increase to £4,100 in June 2014.

December 2016 to £5,600

The last increase to this card was in December 2016, to £5,600. The credit report Mr L has provided us dated 2020 shows he had taken out additional borrowing between the increase in June 2014 and this increase in December 2016.

Looking at the credit report it appears all of Mr L's active accounts were being maintained well. The details from 2014 onwards show overdrafts in place on bank accounts, which on the whole appear to be unused or cleared each month. Mr L's use of his available credit remains relatively low, with the majority of his credit card accounts well within their approved limits. There is evidence of further borrowing by way of two credit cards, a mail order

account and two fixed term finance agreements; but again Mr L appears to have been maintaining these well, and the two fixed term finance agreements had been settled at the time of this increase.

By the time Santander increased the limit to £5,600, Mr L's use of cash withdrawals across his cards had increased significantly. Across 2015 Mr L had made around 15 cash withdrawals with a total value of around £3,000. And in 2016 up to the point of the limit increase, Mr L had made around 50 cash withdrawals with a total value of around £4,300 on this card. However, Mr L was still making monthly payments above the minimum amount and his balance at the end of each month broadly followed the same pattern as previous years. Mr L had also used another of his credit cards to withdraw around £4,200 by cash across 2016. I think the increased frequency and value of cash withdrawals should have been a trigger for Santander, and have led to it completing more detailed checks before providing the last limit increase.

Santander hasn't been able to confirm what checks it completed at the time of this increase. So, in the absence of this information I've considered what, on balance, I think Santander did consider, or more likely would have identified, from completing proportionate checks.

Mr L has said he was gambling and had Santander completed further checks it would have identified this, and that he was a vulnerable consumer. I don't doubt Mr L's testimony here, but from the information I have, I don't consider proportionate checks would reasonably have led Santander to have identified this. The transactions it had available to it on the cards up to the last limit increase didn't show any obvious signs of gambling. There is gambling in 2018 but this was after the latest increase. And I consider had Santander asked more questions around the cash withdrawals, which I consider it ought to have done, I think it's likely Mr L wouldn't have declared if these were used for gambling or not, as he would reasonably have known Santander wouldn't likely have provided further lending if the cash withdrawals were being used for this means.

On the whole Mr L's credit file shows he was maintaining all his existing lines of credit well. While there was an increase in his total available borrowing, Mr L wasn't using all available credit, in fact his usage appears to be around 25% of his total available limits. Mr L's use of credit wasn't significant or what I would consider ought to have been of concern to Santander, and as his borrowing wasn't near his total available credit there was no suggestion that Mr L was showing signs of financial difficulty. The credit report appears to show across 2014, 2015 and 2016 that Mr L was largely clearing or reducing most revolving credit balances by more than the minimum payments, indicating he was able to manage his finances relatively well. In addition to this, there's no record that Mr L had made Santander aware of any potential or actual financial difficulties.

Therefore, without any contrary information, I can't be satisfied proportionate checks would have suggested the limit increase would be unaffordable for Mr L; and as such I consider Santander would reasonably have still reached the same decision to lend.

As I'm satisfied Santander made fair lending decisions at each of the lending events, it therefore follows I don't require it to take any further action in resolution of this complaint.

I appreciate this outcome will come as a disappointment to Mr L, but I can assure him I've carefully considered all of the information that has been provided to our service.

My final decision

For the reasons set out above, my final decision is that I don't uphold Mr L's complaint about Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 1 March 2023.

Richard Turner
Ombudsman