

The complaint

Mr C complains that Santander UK Plc are asking him to reapply for a loan he has already been accepted for.

What happened

Mr C says he applied for a loan with Santander, but they did not send him a code to release the funds, so he contacted them. A new code was sent to him, but the loan offer had expired, so he could not access the funds he had been approved for. Mr C says that he was told he needed to re-apply for the loan and they would need to conduct another credit check, so his credit score would be negatively affected if his credit file showed two searches by Santander. He tried to contact Santander several times, but he had a lack of response from them. Mr C made a complaint to Santander. He entered an unarranged overdraft while waiting for the loan funds.

Santander partially upheld Mr C's complaint. They said a letter is sent containing a 12-digit code, which should arrive within two working days and he would need to use this code to release his funds. As they held Mr C's correct address and there were no mail blocks preventing mail from being sent to him, they said they made no error. They said although Mr C had requested a new code via their website, there was no guarantee that this would arrive in time before his application expired. Santander said if this happened then he would need to apply for the loan again over the telephone, however, there is no guarantee he would be approved or that the terms would stay the same. Santander agreed to refund Mr C £159 to enable him to leave the unarranged overdraft due to the lack of responses he had. Mr C brought his complaint to our service.

Our investigator did not uphold Mr C's complaint. She said he had reached out to Santander via social media to ask why the funds hadn't been received and they responded and provided Mr C with a link to their website giving further information about the loan code and how it was needed to have the funds released. As Mr C had not received a loan code he raised the issue with Santander, but due to delays in responding to him, this impacted the time remaining before the application would expire. She said that it wasn't fair to hold Santander responsible for him not receiving the first code.

Mr C asked for an Ombudsman to review his complaint. He made a number of points. In summary he said he didn't find it fair that Santander could register a credit check on someone's credit file, approve them for a loan, then due to a delay in receiving a code make them reapply and potentially not approve them for a loan. He said he is not in a financial position to reapply for the loan as this would risk negatively affecting his credit score. He said the minimum he would accept would be for Santander to honour the original loan agreement.

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.

I'd like to explain to Mr C that it is not within this service's remit to tell a business how to run their loan processing procedures including when to send out codes to complete a loan application or when they should honour an original loan. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Santander to make changes to their policies and procedures, if necessary.

Santander have confirmed that when Mr C was accepted for the loan he was sent an e-agreement. They have told us that this contained a link for him to sign the agreement on Santander's website and through here is where Mr C would have needed to enter the loan code he was sent in the post. Santander have provided an audit that they sent this email on 22 September 2022 at 15:23pm. Mr C is shown as downloading the agreement on 26 September at 10:07am.

Santander have sent us a screenshot of their website where their customer's complete their loan application. On the screenshot it shows that step two of the process is to log in and sign the agreement and step three would be to release his funds and he would receive a code from them. It says *"you should receive a code from us in the post. Log in again and enter the code. This will release your loan funds into the account you chose when you applied."*

Santander also sent us a copy of the agreement that Mr C electronically signed. This agreement states *"Your loan will be paid into your nominated bank account by 3pm the next working day after your agreement is executed and your code to release the funds accepted."* So I'm satisfied that it should have been clear to Mr C that he needed a code to complete his application. I can see Santander sent him a letter on 22 September 2022 also at 15:23pm - at the same time they sent him the email. And I can see Santander had the same address as he's given to our service – the address where he received his response to his complaint. So I'm satisfied that this was sent to his registered address and therefore I can't hold Santander responsible for any issues with the postal system.

When Mr C reached out to Santander through social media, they also gave him a link to Santander's website. This link contained the section *"what happens when I apply?"* and this mentions the loan code and a link to release his loan funds. The link has a section which says *"No code?"* and then it gives him instructions on how to get a replacement code sent out. So it does appear that Mr C could have taken action to get a new code earlier than when he did on 18 October 2022 at 16:20pm when the audit shows he did request a new code. I say this based on the information provided on his loan agreement and the website link provided to him. So I can't agree that they have made an error in their process here. They sent out a code originally for him and sent out another one when he asked for it, but unfortunately the timeframe to complete his application had expired prior to him being able to enter the second code.

Santander have certain obligations they need to meet and processes they follow when reporting to the credit reference agencies (CRA's). They need to report accurate information. So as Mr C had made an application, they would be expected to report this and this would be reflected on his credit file. When the application expired, if Mr C were to apply for a loan again, they would also need to report that they have conducted a search of his credit file. Based on the information they now see, this could lead to a different outcome to the original application, but I'm not persuaded that this would be unreasonable. So I won't be asking Santander to honour the original loan agreement.

I've noted the strength of feeling that Mr C has on what he believes to be the unfairness of this, but Santander would be reporting factual information to the CRA's. Mr C's circumstances may have changed from when he was first accepted for the loan to the time if/when he would apply for the loan again. Santander would need to ensure any borrowing was affordable for Mr C, so I would not expect them to keep his application open indefinitely

and their process is to abandon an application if the funds have not been released within 28 days. Santander confirmed that the email they sent to Mr C accepting his application also referred to the 28 day time limit, so as the code wasn't entered in this timeframe, his application expired and was automatically abandoned.

While I won't be asking Santander to honour the original agreement, I must acknowledge that they did let Mr C down with a lack of communication. He sent them several messages about his application and there was a delay in responding to him. It was clear that Mr C was getting distressed by the lack of responses, so they could have done more here. So it is only fair that Santander compensate Mr C for this. Santander did credit £159 to his account to help him get out of an unarranged overdraft as a result of this. I'm satisfied that this amount of compensation is fair. I say this as if Santander had not upheld Mr C's complaint, the compensation they did award him is slightly higher than the amount of compensation I would have felt was reasonable for the impact of the lack of responses to him. So I'm satisfied that this amount of compensation is fair. So it follows I don't require Santander to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 5 April 2023.

Gregory Sloanes
Ombudsman