

## The complaint

Mrs S says that Santander UK Plc let her down and didn't provide enough support when she started gambling in March 2020.

## What happened

Mrs S says she contacted Santander in October 2017 and that blocks were applied to her accounts at that time to stop her from gambling.

Mrs S says she began gambling again using her current account in March 2020 and lost a significant amount of money between March and July 2020. Mrs S complained to Santander that this shouldn't have happened because there should have been blocks on her account. Mrs S also said she thought Santander should have contacted her to offer support when the spending on her account became significant.

Mrs S also applied and was accepted for a loan with Santander in May 2020.

Santander responded to the complaint and said it didn't think it had done anything wrong as Mrs S had authorised all the spending on gambling. Mrs S wasn't satisfied with the response and referred her complaint to our service.

Mrs S and Santander received initial assessments on the complaint from our service before the complaint was passed to me to decide.

I sent both parties a provisional decision on 3 February 2023 setting out my conclusions on the complaint. Whilst I'd thoroughly reviewed the initial assessments and both parties' responses, I didn't set out the detail of those in the decision. I focused on what I considered to be the central issues to the complaint Mrs S referred to our service and my reasons for the provisional decision I'd reached.

I've summarised my provisional decision below.

## My provisional decision

*Before I set out my provisional decision, I want to acknowledge that Mrs S has had a very difficult time over the past few years which has significantly impacted her finances, health and wellbeing. I was very sorry to learn about this.*

### *The phone call in October 2017*

*On 27 October 2017 Mrs S spoke to Santander over the phone. She says that during this call Santander agreed to put blocks on her accounts, which at the time were a current account and credit card account, to prevent her from gambling. Santander has said that blocks to prevent Mrs S from gambling were not put in place at that time.*

*Santander has provided me with a recording of part of that call. The first part of the call isn't available, but it's apparent from listening to the second part of the call that Mrs S initially*

*spoke to Santander's credit card department. There are no additional written records on Santander's systems to outline what was discussed with the credit card department. In the second part of the call, it's evident that Mrs S had been transferred from the credit card team to the retail banking team, and then to the financial support team to discuss charges that had recently been applied to her current account. It's clear that in the first part of the call Mrs S had shared that she'd recently stopped working due to poor health and was going to be out of work for some time due to an operation and treatment. The adviser in the retail banking team thought that due to her circumstances she could be eligible for financial support.*

*When Mrs S was transferred to the financial support team, the adviser asked what had happened to cause an unpaid direct debit and subsequent charges. Mrs S explained that receiving the news about her health had been really difficult and following that she'd started gambling. She'd used an e-money provider to send money to online gambling firms and hadn't realised that the funds weren't leaving her current account straight away – and that this had led to her spending beyond her agreed overdraft limit. In the call Mrs S said that, in terms of the gambling, this was 'all sorted now' as she'd taken steps to prevent further gambling including cancelling her cards and ensuring she was 'banned' from all gambling sites. She also confirmed she no longer had the account with the e-money provider. In this part of the call there was a discussion about support for managing the current account and the adviser said she was going to look into the outstanding charges and then placed Mrs S on hold. Santander says the part of the call that took place after the hold is also not available.*

*Mrs S has maintained that blocks were applied at her request to her current and credit card accounts at that time. We asked Santander if there was a record of any blocks being applied to the accounts. Santander hasn't been as clear as it could have been in its responses to us about this. However, it has recently confirmed, and provided evidence to show, that a block was placed on Mrs S's credit card account on the day of the phone call. Santander has explained that this was a 'closed paying balance' block, which would prevent further spending and then enable the outstanding balance to be reduced to nil, and then the account would automatically close.*

*There isn't evidence to show that a block was added to Mrs S's current account at the same time. Santander has been consistent in explaining that it didn't have the facility to apply blanket 'gambling blocks' until the start of 2020 and so this wouldn't have been an option at the time – and to be clear, the block that was applied to the credit card was not a block on gambling transactions. There isn't a suggestion Mrs S thought a 'closed paying balance' type block was applied to her current account, but for completeness this wouldn't have been applicable as she intended to continue to use and maintain her current account.*

*Santander has recently clarified that, at the time of the call in October 2017, it did have the facility to apply a complete block on payments to a specific merchant. So, I've thought about whether this type of block may have been discussed at the time. Firstly, there isn't evidence to support that it was, but – even if it had been discussed on parts of the call that aren't available – Mrs S had confirmed that the gambling had been carried out through an e-money provider (rather than from her current account directly) and that she no longer had the account with the e-money provider. So, I don't think this specific block type would necessarily have been beneficial at that time. Mrs S also confirmed in the call, and more recently to us, that she'd banned herself from the gambling sites she'd been using, so this also supports that this type of block wasn't arranged through Santander.*

*Mrs S has said that there were no gambling transactions on her current account after October 2017 until March 2020 as she believed there was a block on her account. From reviewing Mrs S's account statements, I agree that there weren't any significant transactions*

to gambling sites until March 2020. But from around August 2018 there were payments each month to a company I'll call 'CL', and from around November 2019 there were payments made every couple of weeks to a company I'll call 'CB' which seem to be payments to gambling or betting companies. If that's correct, this suggests that Mrs S would have been aware that there wasn't a block on her current account for gambling transactions at that time and ahead of when the more extensive gambling began in March 2020.

Overall, it does seem likely that Mrs S's discussions with Santander about the problems she'd had with gambling in 2017 led to the block being applied to her credit card account. However, the evidence I've reviewed doesn't support that any blocks were applied to her current account at the same time, or that she was told by Santander that it had been; a blanket gambling block wasn't available and the blocks that were available weren't applicable in the circumstances.

#### *Gambling activity between March and July 2020*

Mrs S has explained that in December 2019 a close family member who she was caring for very sadly passed away. Mrs S says that the significant impact of their passing, coupled with the effects of the nationwide lockdown due to the coronavirus pandemic led her to gamble again – after receiving a £20,000 inheritance.

Mrs S says that she started gambling in February 2020 using an account with a different bank. She says when she'd spent the funds in that account, she started using her current account with Santander. At the time Mrs S had around £10,000 in her Santander current account. I can see a further £5,000 was transferred into the account on 2 March 2020 and £13,000 on 12 March 2020. Between 8 March 2020 and 27 May 2020, a significant proportion of these funds were spent on gambling with one gambling merchant. There were also significant winnings of around £80,000 which were credited back to her account but were then spent on gambling.

On 20 May 2020 Mrs S applied for, and was granted, a loan for £7,500 from Santander and the money was transferred into her current account on 28 May 2020. Between 28 May 2020 and 1 July 2020 these funds were spent on gambling, alongside around £30,000 of subsequent winnings.

Mrs S has said that she doesn't understand why Santander didn't contact her between March and July 2020 to ask about these transactions and provide support. She's shared examples of when Santander has put a stop on non-gambling payments for much lower amounts. She says the gambling was out of the ordinary given her historic account activity and Santander should have done more to step in and help.

Santander has said that our service has mischaracterised the complaint, and Mrs S's initial complaint was just about the blocks she says were placed on her account in 2017 and that she didn't raise concerns that the bank hadn't contacted her to prevent the transactions or provide more support. I asked Santander for a recording of the call where Mrs S formally raised her complaint, but this hasn't been provided. It did however provide parts of a call Mrs S had with Santander on the same day the complaint was raised, on 1 July 2020. In this call, Mrs S says at least twice that she couldn't understand why Santander hadn't contacted her about her spending. So, I disagree with Santander on this point and consider that Mrs S did raise this as a concern and I'm satisfied I can fairly consider it as part of this complaint. Whilst Santander said it thought this was beyond the original scope of the complaint, it has still provided information to support why it thinks it acted fairly.

In relation to spending on gambling, Santander has said that it can't monitor all its customers' accounts and spending patterns, and that it would only be able to give guidance

or support to a customer if they contacted the bank. Given the number of customers it has, I can understand the point Santander makes here. That said, Santander does have a responsibility, in line with the FCA Principles for Businesses, to pay due regard to the interests of its customers and treat them fairly. Firms should consider the support they can offer vulnerable customers if they become aware (or ought to have identified) they were experiencing difficulties. So, I've thought about what Santander would have been aware of at the time.

As I've already said, Mrs S did let Santander know in 2017 that she'd had problems with gambling; that's evident in the available call recording and I think it most likely led to the block on her credit card. But from what I have heard in that call, and from what Mrs S has said, she took steps to ensure that she couldn't continue to gamble, and she was satisfied with the support in place at that time. There isn't any further record of Mrs S discussing gambling with Santander until she contacted it on 1 July 2020. There are a couple of references on Santander's systems to Mrs S as a vulnerable customer between October 2015 and February 2018 and there are a few occasions where it waived charges as a result, but I don't think from this alone it would be reasonable to expect Santander to have been monitoring the account more closely. The action Mrs S took to prevent herself from gambling did seem to have largely worked in the years that followed.

In terms of Mrs S's account activity, she did spend a very large amount on gambling between March and July 2020 and I don't doubt she was struggling with a very serious addiction to gambling at that time. However, throughout this entire period there were available funds in the account – including substantial winnings being paid back in – so there were always sufficient funds to make the payments. The account also had a small, authorised overdraft, but Mrs S's spending didn't put the account into its overdraft at any point. So whilst I acknowledge and appreciate what Mrs S has said about the financial difficulties the gambling has caused, in the particular circumstances, I don't think the activity on the account ought to have prompted Santander to assume that Mrs S was struggling financially and make enquiries.

I would add though, that I don't necessarily agree with Santander's blanket statement that Mrs S's account didn't show any signs of financial distress because it didn't enter an overdraft. I think that factors such as a high gambling- to- income ratio can be a sign of financial stress, possible loss of control over spending as well as unusual activity on the account.

Santander's also said that the transactions wouldn't have been flagged on any fraud systems (like in the examples Mrs S has given of other non-gambling payments being stopped) as the payments weren't fraudulent and were authorised by her. But I do note that fraud detection often, and reasonably, has some basis in identifying unusual or out of character transactions. And scam victims will often authorise payments thinking, at the time, they're entering into legitimate transactions.

Bearing in mind the obligations on firms to support vulnerable customers, I asked Santander what processes it had in place at the time in 2020 to support customers with problem gambling, to see if it followed its own processes. Santander has said that it has taken steps to make gambling-related support for customers available, including through content on its website and training for staff.

It also referred to monitoring systems designed to identify potential problem gambling where customers are at risk of financial harm. I asked for more information about this, and Santander explained that it reviews data relating to its customers and gambling transactions taking into account a number of factors including volume and value of gambling transactions and overdraft usage. It's explained that the main focus of this activity is to identify customers

*utilising their overdraft for a prolonged period and that have other indications of financial stress. For these customers a letter would be sent to provide information about more support. Having considered this, Mrs S wouldn't have fallen into this category as she was spending the available funds in her account and not using her overdraft. So, I haven't seen anything that makes me think Santander didn't follow its own processes at that time.*

*Santander has said that if Mrs S had contacted it earlier in 2020 and made it aware that she was experiencing harm from gambling, it could have provided support by sharing the help available, including referral to a specialist team who received training to support customers experiencing harm from gambling - and a gambling block could have been discussed and highlighted as an option. Mrs S did get in touch with Santander on 1 July 2020 and told the bank about the problems she was having. She shared that she was in significant debt due to gambling and was really struggling with poor mental health. This contact was following a loan repayment debiting her current account, taking it into an overdraft. At the time, she said this left her in financial difficulty and without funds for day-to-day expenditure.*

*Having listened to parts of the call Mrs S had with Santander, I can see it did ask questions to understand what help and support Mrs S needed at that time. Mrs S confirmed that she was receiving support from a close family member, and that she'd just registered with a charity providing supporting for gambling addiction. The adviser shared information about the bank's specialist team that could provide additional support and a dedicated contact for Mrs S. The adviser arranged for the loan repayment to be returned to support her financially in the short term. The adviser also discussed how the bank could support Mrs S with repaying the loan. So, I can see Santander did offer some help and support.*

*That said, Santander has confirmed that a gambling block wasn't discussed or applied. Santander said this type of block – which was introduced in February 2020 – was still being embedded with staff. However, it had been several months since that time and bearing in mind Mrs S's circumstances, I would have expected this to have been discussed as an option. Particularly as Santander has said to us that if Mrs S had told it about her problem with gambling earlier it could have offered this as a tool to support.*

*From looking at Mrs S's statements she had been spending funds on gambling in the days before contacting Santander, with multiple transactions on 30 June and one on 1 July (the day of the call). From her account activity and what she said in the call it was clear that Mrs S was only just reaching out for support, and that her problems with gambling weren't resolved.*

*Following the call Mrs S gambled two further times, on 2 and 9 July spending £400 in total. Santander has said that even if it had made Mrs S aware of the block, it's unclear whether she would have elected to apply one. Having considered what we do know, I think it most likely that she would have elected to apply a block. It's clear that Mrs S had some awareness of blocks, whether that's banning herself from sites or from the block on her credit card and made clear she thought these were useful. She had also just started to take steps to get help and support including from a family member, which I think is persuasive evidence that suggests the blocks would have been successful if applied. If a block had been applied this would have prevented Mrs S from further financial losses, at a time where she found herself in significant debt. To put this right I think Santander should pay Mrs S £400.*

#### *The personal loan*

*Mrs S successfully applied online for a loan of £7,500 with Santander on 20 May 2020. She says that bearing in mind her significant spending on gambling at that time and her income of around £500 a month, it should not have been granted.*

*I don't know if Mrs S raised her concerns about the loan when she originally complained to Santander in July 2020. I haven't been provided with a copy of the call to confirm this, but I know she did reference the loan in another call with Santander on the same day. Mrs S did raise her concerns about the loan whilst her complaint has been with our service, and Santander has acknowledged that this now forms part of Mrs S's complaint, so I've considered whether it acted fairly when it granted the loan.*

*Under the relevant rules (Consumer Credit sourcebook) Santander needed to meet certain obligations before agreeing to lend. One of the things it needed to do was to carry out reasonable and proportionate checks to ensure that Mrs S could afford to meet the loan repayments on a sustainable basis. The rules don't say precisely what needs to be checked but says the information gathered needs to be reasonable and proportionate bearing in mind the relevant factors which would include, amongst other things, the size and duration of the loan. So I've thought about whether the checks Santander carried out were reasonable and proportionate.*

*Santander has said that as Mrs S made an online application, her credit file would have been system checked and the loan accepted if there was no adverse information and the bank's affordability criteria was met. In terms of affordability checks, Santander has said this would have involved considering Mrs S's stated income (with evidence) against her stated outgoings, its own estimates of her outgoings, overall levels of debt and debt-to-income checks.*

*Santander says that Mrs S stated in her application that her monthly income was £1,200 a month and her outgoings were £200. It said it carried out its own assessment of Mrs S's outgoings (largely using estimates), which showed she had a disposable income of just over £500 a month, and so the loan and its monthly payments of £322 were affordable. Having considered what Santander's said, I'm not satisfied that it carried out reasonable and proportionate checks before granting the loan.*

*Mrs S was looking to borrow £7,500 over a 24-month period, with a monthly payment of £322; so, this was not an insignificant undertaking.*

*From what Santander has said it appears to have taken what Mrs S told it about her income at face value without taking steps to verify the information she'd given it. While it's important that customers provide accurate information to potential lenders, the rules are specific in saying it wouldn't generally be sufficient for a lender to rely solely on self-declared income without independent evidence and so there are obligations on lenders to ensure that the information they've been given is accurate.*

*Mrs S already banked with Santander, and so I think the information needed to verify her income and outgoings would have been readily available. If Santander had reviewed her current account statements, it would have seen that her monthly income was much lower than the £1,200 stated, and in fact ranged between £544 and £750 in the months before the loan was taken out. Considering Santander's own assessment of Mrs S's outgoings (£679) at the time the loan was taken, the loan would clearly have been unaffordable and the repayments unsustainable. So, I don't think Santander acted fairly in granting the loan.*

*In terms of putting things right, when we find that a business has done something wrong, we'd normally look to put a customer in the position they would have been in had it not been for the mistake made. In this case, that would mean putting Mrs S in the position she would have been in if she hadn't been given the loan.*

*This isn't always straightforward when a complaint is about unaffordable or irresponsible lending and where a customer has had use of the money that was lent. In deciding how to*

*put things right in this particular case, I've had in mind what I consider proportionate checks would have revealed to Santander about Mrs S's wider circumstances.*

*Mrs S's account statements would have shown a very high amount of daily online gambling – and that in the few weeks before she applied for the loan, she gambled almost every single day, and up to almost £4,000 a day on several occasions. This demonstrated what I consider to be an alarming gambling-to-income ratio and ought to have alerted Santander to the fact that, in all likelihood, Mrs S's gambling was out of control, not a controlled hobby. Santander has shared guidance it had in place for staff in 2020 which set out examples of signs that could indicate a customer was facing harm from gambling which included a 'large number of gambling transactions'.*

*Santander has said throughout the course of this complaint that gambling is a legal activity. I agree and acknowledge that gambling can be a non-problematic activity for many people. That said, Santander is also aware that gambling is an activity that many people struggle to manage and one that has the potential to cause significant financial harm.*

*I think it is important to make clear at this point, that whilst I've concluded earlier in my decision that I didn't consider, in the circumstances, that the bank had an obligation to reach out to Mrs S to discuss her spend on gambling at the specific times referenced, I do consider its obligations changed significantly when she applied for the loan.*

*In agreeing the loan, Santander needed to have regard to information which would indicate that Mrs S was likely to experience financial difficulties, or that she was vulnerable – it needed to act responsibly. I don't think that advancing credit to an existing customer who, from reviewing their account, would have demonstrated they were having significant problems with gambling is responsible lending. The loan proceeds were not Mrs S's own money she would go on to spend; it was money she had to repay to Santander.*

*Mrs S has struggled to make the loan repayments since the loan was granted and has only repaid a small amount of the loan since inception. I've mentioned that Mrs S's monthly income ranged between £544 and £750 in the months before the loan was granted. Mrs S has confirmed that her monthly income remains at just under £600 a month and that after paying for food and contributing to day- to- day household bills, she has very little disposable income. This leads me to conclude that there's little prospect of Mrs S repaying the outstanding amount and requiring her to do so would cause undue financial hardship. Mrs S has also shared that she's still struggling with and receiving support for her mental health, which has been significantly impacted by gambling and subsequent financial difficulties.*

*From what I've seen, Mrs S was in the throes of a significant gambling addiction, and I think it would have been reasonably foreseeable that the loan Santander granted would be spent entirely on gambling. Santander facilitated this spending and resulting debt, and it led to a serious impact on Mrs S's financial and mental wellbeing. Santander granted a loan to Mrs S that she lost entirely to gambling and didn't have the ability to repay on a sustainable basis, and still doesn't. Given the particular circumstances of this complaint and what I understand to be Mrs S's current financial position, I think that the fair and reasonable thing for Santander to do would be to write off the entire outstanding balance remaining on the loan.*

*Putting things right*

*For the reasons I've outlined, I'm currently minded to tell Santander to:*

- Pay Mrs S £400, along with 8% interest on the transactions from the date made to the date refunded;*
- Write off the outstanding balance on Mrs S's loan;*

- *Refund all the repayments Mrs S has made towards the loan to date, along with 8% interest on each payment amount from the date it was made to the date it is refunded; and*
- *Remove any adverse information relating to the loan from Mrs S's credit file and reflect that the loan has been written off.*

Santander responded to say it accepted my provisional decision and had no further comments to make. Mrs S raised some further points for me to consider.

### **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 carefully considered Mrs S's comments since my provisional decision, my overall conclusions on the complaint remain the same. I've summarised my response to Mrs S's further points below.

#### *The phone call in October 2017*

Mrs S has said that it's concerning that Santander can't provide a recording of the full phone call from 27 October 2017 or notes from the time to reflect the conversation. She's asked how I can make a decision with incomplete information.

I can completely understand Mrs S's frustration that the full recording isn't available. In the absence of that information, I've had to make a decision based on the information that I do have. Whilst I don't have the full call, I have a partial recording which suggests Mrs S had contacted the gambling retailers to prevent further activity. I investigated what blocks Santander was able to put in place, and there isn't evidence to support that Santander offered specific blocks on gambling transactions at the time.

Mrs S has said that her credit card account has had a nil balance for two years, but is still active, contrary to how Santander has said the 'closing paying balance' block should work. Mrs S has said this supports that this wasn't the type of block added at the time, and rather, a block on gambling transactions was added to her account. I asked Santander about this, and it explained that the reason the account has stayed open is because the balance was overpaid by a small amount. As the account was in credit it wasn't closed automatically. Santander has said that Mrs S has been asked about closing the account and she's said she wanted to keep it open while the complaint with our service was ongoing. And Mrs S had told us that too.

Mrs S has also said that the payments to CL and CB were authorised by chip and PIN rather than made online. She's said because of this, these transactions wouldn't have alerted her to the fact that there wasn't a block on her current account for online gambling transactions, when she thought there was.

I accept what Mrs S has said here about the transactions to CL and CB. However, this doesn't change my overall conclusions. I'm satisfied for the reasons set out in my provisional decision that it's most likely a gambling block wasn't discussed or added to Mrs S's current account in October 2017.

#### *Gambling activity between March and July 2020*

Mrs S still considers Santander should have stepped in earlier and offered support after she started spending a large amount on gambling in March 2020. In my provisional decision I



said that Mrs S's current account had a small, authorised overdraft at the time of the high spending on gambling, but that the spending didn't put the account into its overdraft at any point. In response, Mrs S said that the current account didn't have an authorised overdraft at that time. I asked Santander about this, and it confirmed that Mrs S didn't have an authorised overdraft at the time. I appreciate the clarification the parties have provided on that point; however, it doesn't impact the overall conclusions I've reached. That's because during the period of spending, there were always sufficient funds to make the gambling payments. Overall, I concluded that in the specific circumstances, I didn't think the activity on the account was enough to say Santander should have made further enquiries.

Mrs S asked for further clarification about why I'd said Santander should refund £400 of gambling transactions. I said that when Mrs S let Santander know in July 2020 that she was struggling with gambling, it should have explained that gambling blocks were available. I thought if it had, Mrs S would have likely agreed for blocks to be applied and this would have prevented £400 of further gambling losses.

### *The personal loan*

Mrs S said she appreciated that I'd provisionally concluded that the loan should be written off, but that she felt compensation for the distress she'd experienced and the impact on her mental wellbeing was due. She mentioned that she still had some outstanding debt and that this matter has been with our Service for some time.

I appreciate that Mrs S does still have considerable debt outstanding with other parties that she's still having to manage and that this will be impacting on her. In my decision I've only looked at the actions of Santander and where I think it acted unfairly, how it should put things right. In my provisional decision I explained that I thought it would have been reasonably foreseeable to Santander that the loan it granted would be spent entirely on gambling, that Santander facilitated this spending and resulting debt, and that this had led to a serious impact on Mrs S. I considered what Mrs S had said about the impact of this on her financial and mental wellbeing when deciding how to fairly resolve this complaint. Having done this, I considered that Santander writing off the entire loan balance represented fair compensation in this case.

Any concerns about our Service's handling of the complaint would need to be considered separately.

I appreciate that Mrs S has been significantly impacted by the problems she's experienced with gambling and that this matter has been ongoing for several years. I hope that to some extent, this decision brings some closure to the matter for her.

### **Putting things right**

To put things right Santander should:

- Pay Mrs S £400, along with 8% interest on the transactions from the date made to the date refunded;
- Write off the outstanding balance on Mrs S's loan;
- Refund all the repayments Mrs S has made towards the loan to date, along with 8% interest on each payment amount from the date it was made to the date it is refunded; and
- Remove any adverse information relating to the loan from Mrs S's credit file and reflect that the loan has been written off.

**My final decision**

I uphold Mrs S's complaint. Santander UK Plc should put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 6 April 2023.

Lauren Long  
**Ombudsman**