

The complaint

Miss S has complained that Santander UK Plc acted irresponsibly when it provided her with a credit card in September 2022.

What happened

Miss S applied for a credit card with Santander in September 2022. At that time, she said she had a history of compulsive spending problems linked to gambling, and that the bank was aware of this. She has said that at the time she applied for the card she was gambling heavily and had applied for other forms of credit. She has said that Santander failed to do sufficient checks on her finances or take her history of gambling into consideration before approving her application. She believes if it had properly assessed her lending history it would've refused to give her the credit card. She'd like Santander to remove all interest and charges from the account and arrange a repayment plan with her.

Santander has said that at the time Miss S applied for the card in 2022, it ran proportionate credit checks on her to ensure the card was affordable. It says having completed these it seemed as though the card was affordable and sustainable. It has said that Miss S' credit file showed no signs of any financial vulnerability at that time, and it had verified her declared income over the previous nine months. So, it didn't think it was wrong to provide the card and it didn't uphold her complaint.

Unhappy with Santander's response Miss S brought her complaint to our service. One of our investigators looked into it already, he found that at the time Miss S applied for the credit card Santander ran proportionate checks and those checks showed no indication that the card wasn't affordable or sustainable. So, he didn't uphold her complaint.

Miss S remained unhappy and asked for an ombudsman to look into her complaint again and so it's been passed to 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 done so I agree with the outcome reached by our investigator, and I won't be upholding Miss S' complaint. I know this will come as a disappointment, so I'd like to explain my reasons.

I also want to acknowledge that I've summarised the events of the complaint. But I want to assure both parties that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

When consumers apply for any form of credit, the rules and regulations set out by the Financial Conduct Authority ("FCA") state that businesses must check that the credit,

whatever it might be, is affordable and sustainable. There are no specific checks that have to be done, but generally businesses are likely to ask prospective consumers about their income, existing outgoings and have a look at credit files to see how existing forms of credit are being maintained. Then depending on what those checks find, businesses may approve the application, deny the application, or ask for some more detailed information before deciding.

When Miss S applied for her credit card with Santander it asked her for her annual salary and fixed outgoings. It also looked at her credit file and saw all accounts had been properly maintained in the 18 months prior to her applying for her card. Santander has confirmed that in September 2022 Miss S had an annual income of approximately £62,000 and under £20,000 of unsecured debt, which had a total monthly combined repayment amount of just over £700. So, it was satisfied that the credit card, which had an opening limit of £4,300, would be affordable.

Looking at the information gathered in September 2022 I agree there was nothing in the initial checks that Santander ran that indicated the new account wasn't affordable or wouldn't be sustainable long term for Miss S. So, I can't say Santander failed to pick up on any warning signs from the checks it ran. So, I can't uphold Miss S' complaint on that basis.

Miss S has explained that she had brought two previous complaints against Santander in relation to affordability and gambling and that these should've been taken into consideration by the bank before it provided her with a new form of credit. Looking at the notes on Miss S' complaint I can see one of these complaints related to overdraft charges from 2018 and the other to loans provided to Miss S in 2012 and 2014.

While I agree it would be good practice for businesses to consider a consumer's history in full when reviewing applications for new credit, it's also important that applications for credit are considered on consumer's current circumstances. It would be inappropriate and unfair of a business to refuse to provide credit solely because in the past the consumer has disclosed they had a compulsive spending problem. If such an approach were implemented it would mean that consumers wouldn't feel comfortable to ask businesses for help when they need to change their financial situation and anyone who had struggled in the past would be effectively barred from taking out credit in the future.

I can't say that just because Miss S had demonstrated that she had a gambling problem in the past and had her complaint about the loans taken in 2012 and 2014 upheld on that basis, it should've automatically prevented her from being considered for credit in 2022. Santander based its lending decision on Miss S' circumstances in 2022 when she applied for the credit, and this was the correct thing to have done. Had there been any evidence that her previous history of compulsive spending was still impacting her negatively I would've expected Santander to take that into consideration. But looking at all the information available to it at the time I can't see there was any evidence of this. So, I can't say Santander was wrong to provide Miss S with the credit card in 2022 and so I can't uphold her complaint.

My final decision

For the reasons set out above I don't uphold Miss S' complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 30 October 2023.

Karen Hanlon

Ombudsman