

The complaint

Mr S complains that Santander UK Plc declined his application for a personal loan.

What happened

In October 2023 Mr S applied for a personal loan with Santander. The application was declined.

Mr S felt that his application had been declined because he was in receipt of benefits. He complained to Santander and said he wanted his application assessed on affordability grounds. Mr S said he needed the loan so that he could get a house and a car and obtain work to better his circumstances.

Santander didn't uphold the complaint. In its final response dated 23 February 2024 it said it used its own credit scoring system to determine whether an application was successful and at what APR the loan could be offered at. It said that Mr S hadn't passed the eligibility stage due to the lending criteria. Santander said that it didn't discriminate against customers on benefits and that it looked at different circumstances for customers in order to treat everyone fairly.

Mr S remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. He said that Mr S hadn't met the eligibility criteria and that Santander hadn't acted unfairly.

Mr S didn't agree. He said he felt that the system was unfair and that he hadn't been given a chance to get the loan based on affordability. Mr S said he wanted an underwriter to approach his application in a bespoke way because affordability wasn't a problem for him.

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.

All lenders have their own lending criteria to determine whether a customer is likely to qualify for a loan. The lending criteria are relevant to both eligibility and APR rate. This service can't require a lender to change its lending criteria, as the decision to lend is ultimately only one which the lender can make.

In this case, Santander's lending criteria for a personal loan (in relation to eligibility) state that a customer must be employed, self employed or retired. Because Mr S doesn't meet the criteria, his application was declined at the eligibility stage.

I appreciate that Mr S feels that he's been treated unfairly. He says he can afford the loan, and that he wants his application assessed on affordability grounds. I understand Mr S's frustration. However, as I've said above, this service can't require Santander to change its lending criteria. What we can do is check that Santander has applied its lending criteria fairly.

I haven't seen any evidence that Santander has applied its lending criteria unfairly. I can see that Santander has suggested to Mr S that he can still apply for a personal loan by booking an appointment with his local branch. It has explained that if the application decision is declined, it can refer the application to its underwriters for a final decision. I think that Santander has treated Mr S fairly by making him aware that this option is available to him.

Taking all the available information into account, I'm unable to uphold the complaint. I haven't seen anything to suggest that Santander has made an error in the application of its lending criteria or that it has treated Mr S unfairly.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 10 September 2024.

Emma Davy
Ombudsman