

The complaint

Mrs U complains that Santander UK Plc is holding her liable for the debt on a loan which she says she neither applied for nor knew about.

What happened

On 5 July 2024, I issued a provisional decision on this complaint. I wanted to give both parties a chance to respond before I issued my final decision. That provisional decision forms part of this final decision and is copied below.

“The background to this complaint is well known to both parties, so I won’t repeat everything here. In brief summary, in February 2015 a loan was taken out with Santander in the joint names of Mrs U and her ex-partner for £9,000. Mrs U subsequently got in touch with Santander to let it know she hadn’t applied for the loan. Santander investigated things and ultimately couldn’t reach agreement with Mrs U, so she referred her complaint about Santander to us. As an Investigator here couldn’t resolve the matter informally, the case has been passed to me for a decision.”

What I’ve provisionally 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’m minded to uphold this complaint in part. I’ll explain why.

The first question is: did Mrs U enter into this loan agreement, or was it done without her knowledge and/or consent as she alleges? I have considered this carefully. I’ve thought about what Mrs U has said about Santander telling her recently that she was a guarantor on the loan. But this seems to have been a misunderstanding. The loan was in joint names as explained. Mrs U has said her ex-partner took the loan out without her knowledge or consent, she never signed for the loan, and the reason she is so sure is because her now ex-partner had previously taken out another joint loan with a third-party bank I’ll call H without telling her, which she says scared and worried her. I also understand from the information I’ve seen that it appears Mrs U was in a controlling relationship, and it’s likely she was subject to economic abuse from her ex-partner, starting possibly from sometime around 2010.

This is a difficult message to give. Mrs U has my heartfelt sympathy given the information I’ve seen about the nature of her relationship with her ex-partner. But the evidence I’ve seen persuades me Mrs U most likely did know about the loan application at the time it was made. I say this because Santander has provided three documents relevant to this. The first is an application for a Santander current account in Mrs U’s sole name, which appears to have been signed by Mrs U on 17 February 2014. The second is a copy of Mrs U’s passport at the time, which Santander stored as linked to the sole account application. And the third is a copy of the loan agreement, which both Mrs U and her ex-partner appear to have signed on 17 February 2015. Mrs U’s signatures, on her sole current account application, her passport, and the joint loan application, all seem to me to match to the extent that I’m persuaded it is

most likely Mrs U signed all these documents and therefore knew about this disputed joint loan application.

I've thought about the possibility or likelihood that, whilst Mrs U knew about the loan application at the time, she nonetheless felt pressured or coerced into it, given the nature of her relationship with her ex-partner. But if that were so, I haven't seen anything that leads me to believe Santander ought reasonably to have known about this at the time. And this wouldn't, in any event, be the same thing as there not being a legal agreement between Santander and Mrs U for the loan such that it was entitled to pursue her for repayment of it.

That said, bearing in mind the loan funds were in 2015 paid into and spent from Mrs U's ex-partner's sole bank account (and not Mrs U's), and what Santander now knows about circumstances around Mrs U's relationship with her ex-partner, I think it would only be fair now for Santander to hold Mrs U liable for any outstanding amount of the loan to the extent that it appears that she likely benefited from those loan funds.

In this regard, Santander has shared relevant information with this service in confidence to allow us to discharge our investigatory functions. I'm limited to how much of this I can share, but I'd like to assure Mrs U I've carefully reviewed everything before reaching my decision. And from this information, I can see that the loan funds landed in Mrs U's ex-partner's account in February 2015, and that they were (apart from £2,565.21 which I'll come to) then all spent in the following months on, in essence, everyday expenditure in a manner in which I can't fairly say Mrs U wouldn't have benefited from given Mrs U and her ex-partner were at that stage still together. However, I do note an amount of £2,565.21, which I can't be sure enough Mrs U would have benefited from.

Given Santander has said the outstanding loan balance is now £4,428.47, I think a fair outcome here would be that Santander can pursue Mrs U for this amount, but less the £2,565.21 figure I've mentioned above. This equates to £1,863.26 – such that Santander can pursue Mrs U for this amount, but not more. Naturally, I'd expect Santander to agree a reasonable repayment plan with Mrs U, and to be sympathetic to any financial constraints that may materialise.

My provisional decision

For the reasons explained, I'm minded to uphold this complaint in part and to direct Santander UK Plc to not pursue Mrs U for more than £1,863.26 of the outstanding loan balance."

Mrs U didn't accept my provisional decision. She asked that Santander provide a copy of her ex-partner's bank statements to see exactly how much of the loan he spent. She also said the other problem that concerned her was the signature, as she really didn't know about the loan, but it is possible that she was manipulated (by her ex-partner) to sign for something.

Santander effectively accepted my provisional decision. It's said that it will make a payment to reduce the loan by £2,565.21, and that the remaining debt would be held with Santander now.

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 conclusions, and for the same reasons, as explained in my provisional decision. I thought carefully about what Mrs U said about her signature

before I issued my provisional decision, and I haven't changed my mind about this.

I also explained in my provisional decision that Santander has shared relevant information with our service in confidence to allow us to discharge our investigatory functions. This includes Mrs U's ex-partner's bank statements. I'm limited to how much of this I can share, but I'd like to assure Mrs U I've carefully reviewed everything before reaching my decision. And from this information, I can see that the loan funds landed in Mrs U's ex-partner's account in February 2015, and that they were (apart from £2,565.21) then all spent in the following months on, in essence, everyday expenditure in a manner in which I can't fairly say Mrs U wouldn't have benefited from given Mrs U and her ex-partner were at that stage still together. However, I do note an amount of £2,565.21, which I can't be sure enough Mrs U would have benefited from.

I therefore have found no reason to depart from my provisional decision – which was that, given Santander has said the outstanding loan balance is now £4,428.47, I think a fair outcome here would be that Santander can pursue Mrs U for this amount, but less the £2,565.21 figure I've mentioned above. This equates to £1,863.26 – such that Santander can pursue Mrs U for this amount, but not more. As I said in my provisional decision, naturally I'd expect Santander to agree a reasonable repayment plan with Mrs U, and to be sympathetic to any financial constraints that may materialise.

My final decision

For the reasons explained, I uphold this complaint in part and I direct Santander UK Plc to not pursue Mrs U for more than £1,863.26 of the outstanding loan balance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs U to accept or reject my decision before 8 October 2024.

Neil Bridge
Ombudsman