

The complaint

Mr R has complained that Santander UK Plc acted irresponsibly when it approved his application for a credit card in 2024.

Background

Mr R applied for a credit card with Santander in January 2024. The application was approved, and he was provided with a card with a £6,000 limit. He has said that at the time he was gambling in a problematic and harmful way. He believes that Santander failed to run adequate affordability checks before agreeing to give him the credit and believes if it had asked for his bank statements and had seen the gambling activity on his account it would have declined his application. He has asked for compensation from the bank.

Santander has said that Mr R applied for a credit card to avail of a balance transfer offer. It notes that the card was approved in January 2024, Mr R transferred a balance of £5,700 from another account onto the card and then made one additional transaction before repaying the balance in full and closing the account in July of the same year. It says that it completed proportionate checks in line with the expectations set out by the regulator when Mr R applied for the card and that there was no evidence the card would be unaffordable for him. As it didn't think it had made an error in approving the application it didn't uphold his complaint.

Unhappy with Santander's response Mr R brought his complaint to our service. One of our investigators looked into it already. He found that the checks completed by Santander were proportionate and that there was nothing in those checks that indicated the card would be unaffordable for him. He accepted that Mr R was gambling at the time but didn't think this was causing him any obvious financial harm or that it should have prevented Santander from approving his application. As the investigator didn't think the bank had made an error in providing Mr R with the credit card, he didn't uphold the complaint.

Santander accepted the investigator's findings, but Mr R didn't. He responded saying that even though he was able to repay the card in full and he was able to meet his monthly repayments the fact that he was gambling should have prevented the bank from approving his application. He repeated that the bank should have requested to see his bank statements and that if it had it would have seen the gambling activity. As he disagreed with the investigator's view he asked for an ombudsman to review his complaint again and so it's been passed to me for consideration.

My findings

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 findings of our investigator and for much the same reasons. Which means I'm not upholding Mr R's complaint against Santander. I know this will come as a disappointment to Mr R and so I've set out my reasons below.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance, and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, the total cost of the credit and what it knew about the consumer at the time of application.

In his submissions to this service Mr R has said that Santander should have requested sight of his bank statements as part of its affordability checks. It's important to clarify that there is no obligation on the part of lenders to ask to see bank statements. The rules set out by the regulator only state that checks need to be proportionate but not what specific checks should take place. So, the fact that Santander didn't ask to see his statements isn't, in and of itself, a failing or reason to uphold the complaint.

Rather what checks take place and what additional information a business may ask for before providing credit, will depend on what sort of credit is being applied for and what the initial results of any basic checks may have been.

In Mr R's case he was applying for a credit card with the intention of availing of a 0% balance transfer offer. At the point of application Santander asked Mr R to complete an income and expenditure form, which showed he had an annual salary of £50,000 was in full time employment and had a disposable income of approximately £835 per month. In addition, his credit file was in good order and the information he provided was checked against relevant ONS data.

Given Mr R was applying for a credit card I think these checks were proportionate. And I can't see that there was anything in the results of those checks that would have indicated that the credit would be unaffordable for him. And I note that in his response to the investigator's view Mr R also agreed that at the time he applied for the credit the monthly repayments were manageable and he had no issue meeting his repayments. Rather he argued that because he was gambling compulsively access to additional credit was harmful in that it enabled him to gamble further and put him at risk of further financial harm.

However as stated above, because there was no obligation on the bank to review Mr R's bank statements, and there was no indicator of financial stress on his credit file or in any of the checks completed by the bank, I can't see that it would have been aware that Mr R was spending in a problematic way. And looking at the statements from the account itself, which was only open for approximately six months, I can't see that it was used to fund any gambling activity. Instead, it appears that shortly after getting the card Mr R transferred a balance onto it and then repaid that between February and July 2024. There was only one additional transaction on the account and that doesn't appear to be linked to gambling.

Therefore, given the checks completed by Santander in January 2024 were proportionate and in line with what is expected by the regulator, and those checks didn't show any indication that the card may not be affordable for him, I can't say it was wrong to provide Mr R with the credit card and I can't uphold his complaint.

I've also considered whether Santander acted unfairly or unreasonably in some other way, including whether its relationship with Mr R might have been viewed as unfair by a court under s.140A Consumer Credit Act 1974. However, for the same reasons I've set out above, I've not seen anything that makes me think this was likely to have been the case.

My final decision

For the reasons set out above I don't uphold Mr R's complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 6 March 2025.

Karen Hanlon
Ombudsman