

## The complaint

Ms M complains that Santander UK Plc was irresponsible in its lending to her. She wants all interest and charges applied to her loans refunded along with statutory interest and any adverse information recorded about the loans removed from her credit file.

Ms M is represented by a third party but for ease of reference I have referred to Ms M throughout this decision.

## What happened

Ms M was provided with two loans by Santander.

Loan	Date	Amount	Term	Monthly repayment
1	January 2023	£1,500	36 months	£58.90
2	June 2023	£1,500	36 months	£58.90

Ms M said that adequate checks weren't carried out before the loans were provided to ensure that the repayments would be affordable for her.

Santander issued a final response to Ms M's complaint dated 9 September 2024. It said that Ms M provided details of her income and outgoings, and it carried out further checks to establish the affordability of the loans. It noted that both loans were repaid early.

Ms M referred her complaint to this service.

Our investigator thought the checks carried out before the first loan was provided were reasonable and as these didn't raise concerns that the loan might not be affordable, she didn't think that Santander was wrong to provide this loan.

Regarding the second loan, our investigator thought that further check should have taken place noting that this loan was provided around five months after the previous loan and that there were significant differences in Ms M's declared income and expenses. However, she thought that had further checks taken place these would have supported the loan being affordable.

Ms M didn't agree with our investigator's view. She said that she received a higher income in March as a bonus and that this had resulted in a higher average income than should have been included.

Our investigator noted Ms M's comment but also that there were regular deposits from third parties into Ms M's account that hadn't been included in the assessment. As Ms M's comments didn't change our investigator's view, and a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue a decision.

## **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.

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, and the total cost of the credit.

Ms M was provided with two loans by Santander and I have considered each of these lending decisions.

### *Loan 1: January 2023*

Ms M was provided with a £1,500 loan requiring monthly repayments of £58.90. Before the loan was provided, Santander gathered information about Ms M's income and outgoings and carried out a credit check. Ms M declared a monthly income of £1,812 and outgoings of £1,173. The credit check showed Ms M had existing credit commitments including a hire purchase, two loans, five credit cards and two mail order accounts. Her total outstanding balances were identified as £19,668.

Ms M's credit report didn't show any defaults or county court judgments and she was utilising around 37% of her available credit card limits. Her total repayments for her credit commitments didn't raise concerns when considering her declared outgoings and I do not find the evidence gathered suggested she was struggling financially.

Considering the size of the loan and the amount of the repayments compared to Ms M's declared income, I think the checks carried out before the loan was provided were proportionate. As these didn't suggest the loan would be unaffordable for Ms M I do not find I can say that Santander was wrong to provide this loan.

### *Loan 2: June 2023*

Ms M was provided with a second loan in June 2023 while her first loan was still outstanding. A credit check was carried out which didn't record any defaults or county court judgments and showed Ms M was utilising around 35% of her available credit card limits. While Ms M's credit check didn't raise concerns and I note she had maintained her repayments to this point on her first loan, I think that further checks should have taken place. I say this because this was the second loan within a six month period and Ms M declared monthly income (£3,550) and outgoings (£800) were significantly different to those she had declared when she applied for her first loan. While it possible that Ms M's circumstances had changed between the two loan applications, I think it would have been reasonable to have carried out further checks to ensure the information that had been provided was accurate.

I have looked through Ms M's bank statements for the months leading up to the second loan application and these show that she received an average monthly income of around £2,050. I note the comment made about her March income, but Ms M also received several deposits into her account from third parties additional to her monthly income. Ms M's regular expenses appeared to be around £1,800. While this didn't leave a large amount of

disposable income, noting the third-party payments she was receiving into the account, I do not find that I can say that further checks would have shown loan two to have been unaffordable. Therefore, I do not uphold this complaint.

I note that Ms M repaid both loans early.

I've also considered whether Santander acted unfairly or unreasonably in some other way given what Ms M has complained about, including whether its relationship with Ms M might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Santander lent irresponsibly to Ms M or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 5 May 2025.

Jane Archer  
**Ombudsman**