

The complaint

Mr G complains that Santander UK Plc irresponsibly provided him with credit.

Mr G is supported in bringing this matter by a representative. But, for ease, I'll refer to actions and submissions as being those of Mr G himself.

What happened

Santander provided Mr G with a credit card in September 2020. It says the limit was initially £2,600, before being increased to £4,100 in December 2022.

In summary, Mr G says Santander failed to carry out proportionate checks before lending and it should have considered that the existing credit he already had was sufficient when compared with his income. Mr G said he's struggled with repayments, and as a result he can't afford his rent or a car.

Santander reviewed matters. In summary, it said it asked Mr G for bank statements which weren't provided. So, it considered the information provided on Mr G's application, alongside data from external sources including the Credit Reference Agencies (CRAs). Overall, it thought proportionate checks were completed and it didn't uphold Mr G's complaint.

Mr G remained unhappy and brought his complaint to this service. An Investigator here initially thought the credit card shouldn't have been provided, on the basis that Santander's checks suggested Mr G wouldn't have enough disposable income to sustainably make repayments. Upon further review, she changed her position and thought it was reasonable to provide the credit. In summary, she thought checks would've likely revealed Mr G had enough disposable income, and she also considered that the card was being used to transfer a balance and therefore reduce Mr G's overall costs.

Santander accepted the revised position, however Mr G disagreed with it. In summary, he said the debt was moved over from another card which had a promotional interest-free period, and so there was no financial benefit for him. He also pointed out that Santander had access to his current account statements before deciding to lend.

Overall, an agreement hasn't been reached. So, the case has been passed to me to decide.

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.

The rules and regulations in place at the time Santander provided Mr G with credit required it to carry out a reasonable and proportionate assessment of whether he could afford to repay what he owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Santander had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Mr G. In other words, it wasn't enough for Santander to consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Mr G.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Santander did what it needed to before lending to Mr G.

I'll first consider Santander's decision to provide Mr G with an opening limit of £2,600. Mr G declared in his application form that he was employed and had a gross annual income of £17,600. He declared no monthly mortgage or rent payments and said he had £165 in other monthly outgoings. Santander said it wanted to build a fuller picture of Mr G's circumstances and so requested bank statements however these weren't provided.

Santander said it used external sources, including the CRAs, to find out more about Mr G's circumstances. It recorded that he had total monthly commitments of £1,197, existing credit commitments of £357 and living costs of £586, though it recorded he had no accommodation costs. Checks revealed that Mr G had £10,500 of unsecured debt and no recorded County Court Judgements (CCJs). Overall, Santander said Mr G passed its affordability checks and it deemed the lending appropriate.

Santander's checks didn't reveal any obvious signs that the lending was likely to be unaffordable. That being said, I've considered that it wanted to build a fuller picture of Mr G's circumstances before lending, but says it didn't receive his bank statements. However, in further communication with this service, Santander said Mr G banked with it at the time he applied for the card, and so his current account movements and internal behaviour scoring would have been taken into consideration.

I don't think it's unreasonable for Santander to have wanted to understand more about Mr G's circumstances, considering his declared income and commitments. Santander says it did this by reviewing Mr G's current account movements and it noted that Mr G had a consistent income, the account was well-run and didn't go into the overdraft. As I understand it, Santander's review of Mr G's current account movements suggested he had an average monthly income of around £1,466 in the months leading up to the lending decision.

The information Santander provided suggests it used external sources to understand Mr G's expenditure – an estimation of sorts – rather than checking Mr G's actual committed expenditure. Santander's commentary about its review of the current account movements also doesn't indicate it thought much about Mr G's committed expenditure, other than in the context of knowing that the account wasn't overdrawn. In the circumstances of this case, for the reasons already outlined, I think it would have been useful to understand more about Mr G's committed non-discretionary expenditure before lending.

Having reviewed Mr G's current account information, even if Santander had taken steps to understand more about Mr G's committed non-discretionary expenditure, I still think it would have lent to him. I say this because the information suggests further checks would have likely revealed that Mr G had enough disposable income to sustainably afford the lending. Indeed, the statements show that Mr G often had sufficient funds left in his account each month leading up to the lending decision. And, as Santander pointed out, the account was well-run and didn't go into the overdraft.

I'm also mindful that the card offered a promotional rate on purchases and balance transfers at 0%. When thinking about the latter offer, on balance, I can see why Santander might have thought that Mr G was taking steps to reduce his overall indebtedness here, and that he was saving money on the interest he may have been paying on debts elsewhere.

I appreciate Mr G says the balance transfer wasn't beneficial for him because the card he transferred debt from also had a promotional rate and was within an interest-free period. However, I'm not persuaded that Santander would have known this. I think it's likely it would have seen that Mr G had applied to transfer a balance when applying for the card, and it would have reasonably thought he was trying to lower his overall indebtedness. I don't think it needed to ask any more about this in the circumstances of this case.

Therefore, whilst it's unclear whether Santander carried out enough checks before lending, I'm persuaded that proportionate checks would have likely revealed that the lending would be affordable for Mr G.

Santander says the increase to £4,100 took place in December 2022. Before increasing the limit, in summary, Santander said it carried out a credit check which showed no adverse information. It said it used information from Mr G's bank account to record a net monthly income of £1,658. It also used CRA and other external data to record monthly credit commitments of £540, accommodation costs of £110 and estimated living costs of £652. Overall, it recorded that Mr G had a disposable monthly income of £307 and therefore passed its affordability assessment. Santander also pointed out that the account had never been in arrears.

Our Investigator thought that Santander gathered enough information to demonstrate that the lending decision was fair. It's arguable that Santander's checks didn't show any signs of financial difficulty as such. But even if it did carry out further checks into Mr G's actual committed non-discretionary expenditure, I still think this would have revealed the lending was likely to have been affordable. I say this because further checks would have likely revealed that Mr G had enough disposable income to sustainably repay the limit moving forward. So, overall, I don't think it was unreasonable for Santander to increase Mr G's credit limit.

Mr G thinks Santander ought to have considered potential future outgoings in its affordability calculations. He says he's currently struggling with these other priority payments he now has, which I was sorry to hear about. As outlined above, I think it's reasonable to say Santander could have found out more about Mr G's committed expenditure before lending to him. However, even if it did, I'm persuaded that further checks would have revealed that Mr G had enough disposable income to sustainably afford repayments. And, importantly, I'm not persuaded that Santander would have reasonably been aware that Mr G's circumstances were likely to dramatically change anytime soon. So, this doesn't change the overall findings I've reached.

Therefore, for the reasons I've explained, I can't fairly say that Santander acted unfairly or unreasonably here in its decisions to lend to Mr G. It follows that I'm not upholding this complaint.

Separately, whilst I'm not upholding the complaint, I do want to remind Santander of its obligations to exercise forbearance moving forward. I would certainly encourage Mr G to keep in regular contact with Santander about any difficulties he's facing.

Finally, I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think

Santander lent irresponsibly to Mr G or otherwise treated him 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 don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 11 July 2025.

Hana Yousef
Ombudsman