

The complaint

Santander UK Plc provided Mrs C with a credit card in November 2021. It had a credit limit of £2,700. Mrs C says the credit was provided irresponsibly.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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.

Having considered everything, I'm upholding Mrs C's complaint. I'll explain my reasoning below:

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website and I've taken this into account in deciding Mrs C's case.

I've decided the credit wasn't provided fairly because:

- I don't think the checks Santander did before providing the credit card were reasonable and proportionate given the credit limit it offered and what it knew about Mrs C's financial situation.
- If Santander had done proportionate checks, I think it's likely these would have shown it was unfair to provide the credit to Mrs C.
- Based on the information Mrs C has provided about her circumstances at the time, I think Santander should have realised Mrs C was unlikely to be able to sustainably repay what she was being lent.
- I appreciate Santander has said that if further checks were carried out it would have considered six months of Mrs C's current account turnover. And had it done this, it would have shown the credit was affordable. However, I agree with our Investigator that Mrs C's income and expenditure over the three months prior to the lending would have been a more accurate reflection of her affordability. That's because she was self-employed (and Santander has acknowledged this as something they would have taken into consideration), and her income was heavily impacted by COVID-19 restrictions. Therefore, I don't think it would be fair to base a lending decision on the level of income she was no longer consistently receiving. In turn, Santander's further checks would have shown the credit card wouldn't have been affordable for Mrs C at that time.

This means I don't think Santander should have provided the credit card to Mrs C.

I've considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm awarding in this case, as set out below, results in fair compensation for Mrs C in the circumstances of this complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

As I don't think Santander ought to have opened the account, I don't think it's fair for it to be able to charge any interest or charges under the credit agreement. But I think Mrs C should pay back the amounts she borrowed. Therefore, Santander should:

- Rework the account removing all interest, fees, charges, and insurances, (not already refunded) that have been applied.
- If the rework results in a credit balance, this should be refunded to Mrs C along with 8% simple interest per year* calculated from the date of each overpayment to the date of settlement. Santander should also remove all adverse information regarding this account from Mrs C's credit file.
- Or, if after the rework there is still an outstanding balance, Santander should arrange an affordable repayment plan with Mrs C for the remaining amount. Once Mrs C has cleared the balance, any adverse information in relation to the account should be removed from her credit file.

*HM Revenue & Customs requires Santander to deduct tax from any award of interest. It must give Mrs C a certificate showing how much tax has been taken off if she asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

My final decision

My final decision is that I uphold Mrs C's complaint and Santander UK Plc must put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 17 November 2025.

Sarrah Turay
Ombudsman