

Complaint

Mrs C has complained about a loan Santander UK Plc ("Santander") provided to her. She says the loan was unaffordable and so shouldn't have been provided.

Background

Santander provided Mrs C with a loan for £7,000.00 in January 2020. This loan was due to be repaid in 36 monthly instalments of £268.93. One of our investigators reviewed what Mrs C and Santander had told us. And she didn't recommend that Mrs C's complaint be upheld. Mrs C disagreed and asked for an ombudsman to look at her complaint.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mrs C's complaint.

Santander needed to make sure that it didn't lend irresponsibly. In practice, what this means is Santander needed to carry out proportionate checks to be able to understand whether Mrs C could afford to repay before providing this loan.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Santander says it agreed to Mrs C's application after she provided details of her monthly income and some information on her expenditure. It says it cross-checked this against information on a credit search it carried out and all of this information showed Mrs C could afford to make the repayments she was committing to. On the other hand, Mrs C has said she shouldn't have been lent to.

I've carefully thought about what Mrs C and Santander have said.

The first thing for me to say is that Santander didn't just simply accept what Mrs C had told it. It carried out credit searches which showed that Mrs C didn't have any significant adverse information recorded against her such as defaults or County Court Judgments ("CCJ"). Furthermore, the checks suggested that Mrs C didn't have much in the way of active credit commitments either.

I would also add that at best, even if further checks were necessary, which is arguable wasn't necessary here bearing in mind what the information gathered showed, any such checks would only have gone as far as finding out more about Mrs C's actual income and regular living costs. And having reviewed the information in Mrs C's main account statements, it seems to me to be the case that her actual committed expenditure was lower than what she declared. So I'm satisfied that even if Santander had carried out further checks this would have been unlikely to have made a difference to its decision to lend in this instance.

In reaching my conclusions, I've also considered whether the lending relationship between Santander and Mrs C might have been unfair to Mrs C under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Santander irresponsibly lent to Mrs C or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having considered everything, I don't think that Santander did anything wrong when deciding to lend to Mrs C - it carried out proportionate checks and reasonably relied on what it found out which suggested the monthly repayments were affordable. And, in any event, I've not been provided with anything else that suggests Santander doing even more, which on the face of things it didn't need to, would have prevented it from lending either.

As this is the case, I'm not upholding Mrs C's complaint. I appreciate this will be very disappointing for Mrs C. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mrs C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 31 July 2025.

Jeshen Narayanan
Ombudsman