

The complaint

Mr T complains that Santander Consumer (UK) Plc trading as Santander Consumer (Santander) lent to him irresponsibly.

What happened

On 24 July 2019, Mr T entered into a finance agreement with Santander as shown below, to buy a used car. The agreement was maintained and settled in August 2023.

Date	Amount of credit	Term	Monthly payment	Total repayable
24 July 2019	£12,746.00	60 months	£256.18	£15,371.80

On 25 July 2024, Mr T complained to Santander with the help of a professional representative. In his complaint, Mr T said at the time of the lending Santander failed to perform proportionate checks and lent to him unfairly. He thinks that if Santander had completed proper checks, it would have known the agreement wasn't sustainable.

Santander looked into the complaint and issued a final response letter saying it didn't think it had acted unfairly. It said it had confirmed the agreement was affordable by checking the information the credit reference agencies (CRA) held about Mr T.

Mr T didn't accept Santander's response, so he referred his complaint to our service, again with the help of a representative. One of our investigators looked into the case. Based on the evidence that was available, our investigator said he couldn't reasonably conclude that the lending was irresponsible, or that the relationship was unfair.

Mr T didn't accept what our investigator said, so as there was no agreement, the complaint 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.

Having done so, I agree with the outcome the investigator reached for broadly the same reasons.

I think there are key questions I need to consider in order to decide what is fair and reasonable in this case:

- Did Santander carry out reasonable and proportionate checks to satisfy itself that Mr T was able to sustainably repay the credit?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did Santander make a fair lending decision?
- Did Santander act unfairly or unreasonably towards Mr T in some other way?

Santander had to carry out reasonable and proportionate checks to satisfy itself that Mr T would be able to repay the credit sustainably. It's not just about Santander assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on him.

There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments and the overall circumstances of the borrower.

Santander has explained that it carried out a full credit search to get an understanding of Mr T's situation before it decided to lend to him. It's provided a copy of what it found, and this shows that Mr T was up to date with all other accounts and didn't appear to be over indebted or struggling to manage his finances. Mr T has said at the time of entering into the agreement he had two outstanding debts with debt recovery agencies. However, these didn't show up on the credit search Santander completed. So, I can't say it should have been reasonably aware of these debts.

The credit search showed Mr T had loans which he was paying around £159 to and a credit card where he was using less than 10% of the available balance. He was maintaining the accounts well and there were no defaults, bankruptcies or IVA's recorded. But Mr T had received a CCJ in the last 20 months for £400 which was still unpaid.

I can't see that Santander asked Mr T what his income was or that it took other steps to gather information about his income in some other way. Nor has it shown it gathered any information about Mr T's expenditure aside from his repayments to other credit. So, although Mr T was managing his active credit well, given the CCJ and the lack of information about Mr T's income and expenditure, I can't be satisfied that Santander carried out proportionate checks. Given this, I think it would have been reasonable for Santander to get a better understanding of Mr T's financial situation and disposable income before lending to him.

Mr T has been able to provide this service with copy bank statements from the time of the lending. So, in the absence of any other evidence, I think it's reasonable to rely on these to establish what Santander would likely have found had it asked Mr T more questions about his finances. That said there are a number of ways Santander could have gained a better understanding of Mr T's financial situation and for the avoidance of doubt, I'm not making a finding here that Santander needed to see Mr T's statements before lending. Rather I think it needed to verify Mr T's income and gather more information about his regular expenditure.

I've reviewed Mr T's statements for the three months before the lending decision was made. It appears his committed essential expenditure was £756 a month at its highest and he had a monthly income made up of wages and regular benefits. Mr T earned £2,676 as a minimum but received more than this in other months. This means Mr T had around £1,920 in disposable income. So, I'm satisfied Mr T had a reasonable amount of disposable income after accounting for his essential expenditure and the repayments to the agreement.

Given this, I think if Santander had asked Mr T about his income and expenditure it would have fairly concluded that he had enough disposable income to be able to sustainably afford the repayments due under the agreement. It follows then that I don't think Santander acted unfairly when it decided to lend to Mr T.

I can see that in early 2020 Mr T was late with some of his payments, but he rectified this quickly and I'm not persuaded this was foreseeable at the time of lending. I can also see that he entered into an IVA in July 2020 but that this agreement wasn't included in it. I can also see that Mr T then continued to successfully make payments the agreement until it was settled in August 2023.

So, based on the available evidence, it's not clear enough to me that Santander created unfairness in its relationship with Mr T by lending to him irresponsibly, or in the way it handled the account under the credit agreement. So, I don't find that Mr T's relationship with Santander was unfair, and I can't conclude Santander treated Mr T unfairly in any other way based on what I've seen.

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 T to accept or reject my decision before 19 September 2025.

Charlotte Roberts
Ombudsman