

The complaint

Mr L complains that Santander UK Plc was irresponsible in its lending to him. He wants all interest and charges removed from his loan and any negative information removed from his credit file.

What happened

Mr L was provided with a £8,000 loan by Santander in October 2024. The loan term was 60 months, and Mr L was required to make monthly repayments of £230.43.

Mr L said that when he applied for the loan, he was suffering from a gambling addiction and was in a vulnerable financial and emotional position. He thought adequate checks weren't undertaken before the loan was given and that had they been, his gambling would have been identified as well as his use of short-term finance. He said his bank statements showed he was in financial distress, and he had a declining credit score.

Santander issued a final response to Mr L's complaint dated 24 April 2025. It said that when Mr L applied for the loan, he said the purpose was debt consolidation. It noted his declared monthly income was £3,046 and outgoings £1,250. It said that based on its checks there was no reason to believe the loan would be unaffordable for Mr L.

Mr L didn't agree with Santander's response and he referred his complaint to this service. He also said there were delays in receiving Santander's response and that when he contacted it he was told his case had been closed and while it could be reopened he wasn't given a clear time frame.

Our investigator considered the checks that Santander undertook before providing the loan. She noted that the credit check showed that Mr L had taken out another loan around a month before applying for this one and that another of his loans was in an arrangement. Considering this alongside the size of the loan she thought that Santander should have carried out further checks to understand Mr L's ability to repay the loan.

Our investigator didn't think that Santander was required to request copies of Mr L's bank statements but as she thought further checks should have happened, she used the information these contained to understand what further questions would likely have identified. Having done so she found that the loan appeared affordable for Mr L. Our investigator noted that Mr L's statements showed he was gambling but as she didn't think the statements needed to be requested, and there was nothing to show that Mr L had declared his gambling or was likely to have done so had he been asked, she didn't think that Santander should have reasonably been aware of this. Therefore, she didn't uphold this complaint.

Mr L requested that his complaint be considered by an ombudsman.

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.

Mr L was provided with a £8,000 loan that required monthly repayments of around £230. As part of the application process, Mr L was asked about his income and expenses and the purpose of the loan. Mr L declared a net monthly income of £3,046, and his expenses were noted as £1,200. The loan was for debt consolidation. Mr L's income was verified using a credit reference agency tool and a credit check was undertaken. Mr L's credit check showed he had total existing debts of around £25,600 which consisted of hire purchase, loan, credit card and mail order accounts.

While Mr L had no defaults or county court judgments recorded, his credit file showed that he had a loan taken out less than a year earlier that was in an arrangement (as well as a current account) and had recently taken out another loan for £3,200 (August 2024). While I do not find these results meant that further credit shouldn't be given, and I note the loan was intended for consolidation, I think the results did show some indicators that could mean Mr L was struggling and so I think further questions should have been asked to get a clear picture of Mr L's financial circumstances and to ensure he would be able to repay the loan.

I do not think that Santander was required to request copies of Mr L's bank statements and it could have gained the required information through other sources. But as I think a clearer picture of Mr L's income and actual expenses was needed, I have used the information contained in his bank statements to assess what I think would likely have been identified through further questions.

Mr L's account statements support the income figure used by Santander (regular income of £3,049). Mr L received other payments into his account but he has explained that these were reimbursements for expenses so I think the figure used is reasonable. Mr L was co-habiting with his partner and explained that his partner contributed to bills but as their income was limited, Mr L paid the majority of the household costs. I can see from the joint account statements provided that there were payments into the account from the other account holder and so I think it is reasonable these are taken into account. But based on Mr L's comments, I think our investigator's approach of including 75% of the rent and 100% of the other bills for Mr L's assessment is reasonable. Taking these costs plus the payments made from Mr L's personal account for expenses such as insurance, communications / media contracts and car costs, would total around £1,275.

Mr L's existing credit commitments included a hire purchase and loan with combined monthly repayments of around £367. Mr L also had a credit card which he used for general expenditure including food and other costs, and he made substantial repayments towards this (clearing most of the balance). Including Mr L's actual payments for his credit card alongside his other credit commitments would give total monthly credit payments of around £1,200 but this included Mr L clearing most of his credit card balance each month which we wouldn't usually expect. If a payment towards his credit card balance at the time of the loan application was included with his other credit commitments his credit costs would be around £405. Deducting the £405 and £1,275 living costs from Mr L's income would leave around £1,370 for the Santander loan repayments and his other general costs such as food and

fuel. If the total payments towards his credit card are included this amount drops to around £574 for his other costs. As the Santander loan was intended for debt consolidation, we wouldn't expect this to result in an increase in Mr L's credit costs.

So, based on the above figures, I do not find that further questions would have shown the loan to have been unaffordable for Mr L.

Mr L has noted that he was gambling at the time of his loan application. This can be seen in his bank statements. But as I do not find that Santander was required to request copies of Mr L's bank statements and I have nothing to show that Mr L had made Santander aware of his gambling, or to say that further questioning would have revealed this, I do not find I can say that Santander should have been reasonably aware of this. Therefore, as the loan appeared affordable and Mr L's credit file wasn't such that further credit shouldn't have been provided, I do not find I can uphold this complaint.

I note Mr L's comment about the response he received to his complaint and I am sorry to hear that he wasn't satisfied with this. However, I can see that Santander did respond to the contact from Mr L and while it wasn't able to issue its final response within the required timeframe it did provide him with his referral rights.

I've also considered whether Santander acted unfairly or unreasonably in some other way given what Mr L has complained about, including whether its relationship with Mr L might've been viewed as 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 Mr L 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 do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 15 December 2025.

Jane Archer
Ombudsman