

## **The complaint**

Mr E complains that Santander UK Plc lent irresponsibly when it approved his loan application.

## **What happened**

Mr E applied for a Santander loan of £6,000 in July 2023. In his application, Mr E gave a net monthly income of £4,171. Mr E also declared outgoings of £2,700. A credit search was completed that found Mr E had existing unsecured debts totalling around £27,500 with monthly repayments of £721. No adverse credit like County Court Judgements or defaults were noted on Mr E's credit file and there were no recent missed payments. A joint mortgage was noted and Santander used 50% of the monthly repayment at £758 in its affordability assessment. Santander used Mr E's income, mortgage, an estimate for his general living expenses of £1,542 a month, existing repayments and new loan payment in its affordability assessment. Santander calculated Mr E would've had around £930 a month remaining after covering his existing outgoings and new loan payment. Santander approved the loan and the funds were issued to Mr E.

More recently, Mr E complained that Santander lent irresponsibly and it issued a final response. Santander said it had completed the relevant lending checks before approving Mr E's loan application and didn't uphold his complaint.

An investigator at this service looked at Mr E's complaint. They thought Santander had completed reasonable and proportionate checks before approving Mr E's application. The investigator wasn't persuaded Santander lent irresponsibly based on the information it obtained and didn't uphold Mr E's complaint.

Mr E asked to appeal and said he'd taken out new loans and credit cards in the months before his Santander loan application was made. Mr E also confirmed that whilst the mortgage is in joint names he was responsible for making the payment each month without assistance. Mr E said a review of his bank statements would've shown his mortgage being collected and felt the reliance on estimates for his general living expenses was unreasonable. As Mr E asked to appeal his complaint has been passed to me to make a 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.

Before agreeing to lend, the rules say Santander had to complete reasonable and proportionate checks to ensure Mr E could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;

- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information Santander used when considering Mr E's application above. I can see Mr E provided details of his income and said he had outgoings of £2,700 a month. Santander used part of that information but also checked Mr E's credit file, finding details of his other debts and mortgage. I can see Mr E had a reasonably large amount of unsecured debt at around £27,500 but when taking his income level into account, I haven't seen anything that shows he was overcommitted or struggling with repayments. I understand Mr E had recently taken on other loans but I'm satisfied Santander completed a credit check and was aware of his outstanding debts and monthly repayments. I'm satisfied those repayments were factored into Santander's lending assessment.

Santander's affordability assessment used half Mr E's joint mortgage payment. I understand Mr E's confirmed that he's actually responsible for the full repayment, but in the context of his application to Halifax, I think the use of 50% of his monthly mortgage payment was reasonable on the basis he isn't solely responsible for repayments.

Santander used an estimate of £1,542 a month in respect of Mr E's general living expenses. I understand the reality is likely to be somewhat different. But the relevant lending rules allow Santander to use reasonable estimates for certain outgoings and I'm satisfied it was appropriate to do so when considering Mr E's application. I haven't seen anything in the information Santander obtained that would've indicated it wasn't appropriate to use an estimate for Mr E's outgoings or that its lending checks needed to go into greater detail.

Ultimately, Santander reached the view that after covering his existing outgoings and new loan payment Mr E had a disposable income of £930 a month. In my view, that was a reasonable conclusion to reach following proportionate lending checks. For the reasons I've given above, I'm satisfied Santander completed reasonable and proportionate checks before approving Mr E's loan application. And I'm satisfied the decision to approve Mr E's loan was reasonable based on the information Santander obtained. I'm sorry to disappoint Mr E but I haven't been persuaded that Santander lent irresponsibly.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been 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 E or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My decision is that I don't uphold Mr E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 2 February 2026.

Marco Manente  
**Ombudsman**