

The complaint

Miss M says Santander UK Plc ('Santander'), irresponsibly lent to her. She says that it didn't take reasonable steps to ensure she could afford the repayments towards a credit card. She says that the credit limit increases in 2018 and 2019 caused her financial difficulty and that Santander failed to notice this. So, it shouldn't have lent to her at these times.

What happened

Our Investigator thought the complaint should be upheld. Santander disagreed with the Investigator's opinion. The complaint was then passed to me.

I issued my provisional decision saying that Miss M's complaint should not be upheld. A copy of the background to the complaint and my provisional findings are below in italics and form part of this final decision.

What I said in my provisional decision:

This complaint is about a credit card agreement that Miss M took out in August 2014. The initial credit limit was £3,000. In May 2018 the credit limit was increased to £4,000 and then to £6,500 in June 2019.

Miss M hasn't complained about the initial lending; she has only complained about the credit limit increases. I've not considered the initial lending.

Miss M complained to Santander saying that it had lent irresponsibly when it increased the credit limits on the card. She said she had been using a high amount of her available credit and had only been making the minimum repayments; she'd often incurred late payments and overlimit fees. She was struggling with her other credit at the same time.

Santander considered this complaint, and it didn't uphold it. It thought it'd made proportionate checks, and these checks didn't show a reason why the monthly repayments would be unaffordable. It didn't think it had made an error when it granted the credit limit increases. Miss M didn't agree with this and brought her complaint to the Financial Ombudsman Service.

Our Investigator partly upheld Miss M's complaint. He thought that Santander hadn't made proportionate checks, or at least it couldn't demonstrate that it had. If it had looked in more detail at Miss M's circumstances it would have seen that she could likely afford the first credit limit increase. But for the second limit increase he thought better checks would've likely shown that Miss M couldn't afford the card repayments as she didn't have enough spare income.

Miss M didn't disagree with that our Investigator said.

Santander didn't agree with the Investigator. It didn't think that the information supplied by Miss M showed that the lending was likely to be unaffordable. It said that the Investigator's calculations showed Miss M had enough spare income to be able to afford the card repayments for the second credit limit increase.

Because Santander didn't agree, this matter has been passed to me to make a final decision.

What I've provisionally 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.

When someone complains about irresponsible and/or unaffordable lending, there are two overarching questions I need to consider when deciding what's fair and reasonable in all of the circumstances of the complaint. These are:

- 1. Did Santander complete reasonable and proportionate checks to satisfy itself that Miss M would be able to repay the credit in a sustainable way?*
 - a. if so, did Santander make a fair lending decision?*
 - b. if not, would reasonable and proportionate checks have shown that Miss M could sustainably repay the borrowing?*
- 2. Did Santander act unfairly or unreasonably in some other way?*

And, if I determine that Santander didn't act fairly and reasonably when considering Miss M's application, I'll also consider what I think is a fair way to put things right.

Did Santander complete reasonable and proportionate checks to satisfy itself that Miss M would be able to repay the credit in a sustainable way?

There's no set list for what reasonable and proportionate checks are, but I'd expect lenders to consider things such as the amount, duration, and payments of the finance being applied for, as well as the borrowers' personal circumstances at the time of each application.

Santander has explained that, due to the passage of time, it isn't entirely clear what checks were made. But it has indicated that it looked at some information from a credit reference agency and considered Miss M's use of the card. It's not been able to supply full information about what it did look at, but it has said that the credit reference agency data shows she had a modest amount of other credit and no repayment problems at the initial lending and the credit limit increases. It's not said, or provided information, that shows it looked at Miss M's income or expenditure when it approved the card limit increases.

Our Investigator said that this meant he couldn't be certain that the checks Santander did were reasonable and proportionate. I agree with this, and Santander hasn't said that it thought the checks it did were proportionate. So, I've gone on to consider what Santander would likely have seen if better checks were made.

Miss M's specific complaint is that she was finding the card repayments problematic and she incurred frequent missed payment and overlimit fees. And that Santander should've seen this and not lent to her.

Santander has supplied a list of all the transactions on the card. As Santander's said in its financial response, Miss M didn't use the card in the six months before the 2018 credit limit increase, and she had only one late payment fee where she was late by two days. She was usually paying more than the minimum required over this period. And in the six months before the 2019 increase Miss M did use the card but she continued to repay more than the minimum amount, and there were no repayment problems.

So, I don't think there is enough evidence of problematic card use around the time of the credit limit increases to say that Santander should have seen this and not increased the credit limit on the card. The records show that there were not any signs of problematic card use until she starts to incur overlimit fees in 2022.

Miss M has provided an up-to-date copy of her credit report. As this also shows historic data, I'm satisfied this will give a good indication of what Santander would've seen on the credit file it obtained when it considered her credit application.

There isn't a lot of information in this from the time of the credit limit increases. But there is no sign of financial problems until 2022. So, there's nothing on this report that shows me Santander should've declined her application, or that it should've been unduly concerned about Miss M's current financial position at the time it was considering the credit limit increases.

Miss M has also provided copies of her bank statements for the months before the credit limit increases. While I wouldn't have expected Santander to have asked for copies of these, I'm satisfied that these statements would give a good indication of what it would likely have taken into consideration had it asked Miss M to verify, or provide more information about, her income and committed expenditure during that specific period.

Our Investigator has looked at the bank statements and provided a detailed analysis about them. Neither party to the complaint has said this is incorrect and I don't think it is either. So, I'm not going to reproduce all the detail here.

But at the time of the first credit limit increase Miss M's bank statements show that she was earning over £3,100 a month. Her non-discretionary expenditure looked to be about £1,200 a month so she had enough left over to repay the card in 2018. I agree with this and so I'm not upholding Miss M's complaint about the first credit limit increase.

At the second credit limit increase she had a net income of £2,300, average monthly living costs of £1,670 and credit commitments of £260. This leaves a disposable income of about £330 a month. Our Investigator thought that this wasn't enough. But, given the lack of other negative financial factors that I have seen, I think it is.

In reaching this conclusion I have noted that she could borrow close to the maximum amounts the card would allow. But the repayments she was making would leave her enough left over. And she did have some other debt including an overdraft. But I don't think there is enough here to say Miss M was in financial difficulty as she was repaying this reasonably. I think to uphold this complaint I would need to be able to say this she was having problems, and that Santander should have seen this, but I don't think this is the case.

So, and while I appreciate this will come as a disappointment to Miss M, I'm satisfied that, had Santander carried out reasonable and proportionate checks, I think that it's likely that it would have found the credit limit increases to be sustainably affordable.

Did Santander act unfairly or unreasonably in some other way?

I have considered 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 it lent irresponsibly to Miss M or otherwise treated her 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.

Miss M says that she has been struggling with the repayments on the card. According to the transactions list she has been able to repay the card, but I can see that she has incurred some overlimit fees in 2022 and 2023. Santander says that the account has been referred to financial support on several occasions but there has been no contact from Miss M after Santander's attempts to assist her. So, I can't see that Santander has acted incorrectly here or that it didn't try to support Miss M.

Miss M says that another complaint she has made about her overdraft, over the same period, has been upheld. I've not seen this complaint but it's worth noting that an overdraft is a different product which is designed for short term, ad hoc, borrowing and it has a charging structure to reflect this. Whereas a credit card is designed for more frequent longer-term use.

So, it doesn't necessarily follow that unsustainable use of an overdraft would lead to unsustainable use of a credit card. Not repaying a credit card in full each month isn't the same as hardcore overdraft borrowing.

I haven't seen anything to make me think Santander acted unfairly or unreasonably in some other way.

Developments

Santander, and Miss M, received my provisional decision. Santander agreed with what I said. Miss M, didn't agree with my provisional decision, she said that:

- When she was initially given the card, and for a few years afterwards, it was affordable. She began to struggle to make the repayments later when the credit limit was increased.
- Her complaint about an overdraft has been upheld as it wasn't affordable. This was over the same time as the card limit increases and so they should be upheld.
- She didn't think that she received enough support from Santander when she had financial problems.

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.

Whilst I have noted what Miss M has said, I think it's reasonable to say that she didn't raise any new points, or provide any further evidence, after receiving my provisional decision. So, I am not persuaded to alter my views, and I've reached the same conclusions I reached before, for the same reasons.

As I said in my earlier decision, I didn't think that Miss M's use of her overdraft, and that a complaint has been upheld about this, means that the complaint about the card should also be upheld. They are different products with the overdraft being less suitable for longer term use than the credit card. And so, it doesn't necessarily follow that her use of the card was as problematic as her use of the overdraft. I don't think it was, in this case.

And, again as I said in my provisional decision, there aren't enough signs of financial problems (both in the information Santander had available about Miss M's circumstances, and considering her use of the card) for me to say that it shouldn't have increased the credit limits on the card.

And I still don't have enough to say that Santander didn't provide the support it should have done.

Overall, I'm not upholding Miss M's complaint about the credit card. I appreciate this won't be the outcome Miss M wants, and I can see she feels strongly about this. I hope my decision doesn't cause her undue upset.

My final decision

For the reasons set out above, I don't uphold Miss M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 25 November 2025.

Andy Burlinson
Ombudsman