

The complaint

Mr M complains that Santander UK Plc unfairly declined his application for a personal loan.

What happened

In May 2025 Mr M applied for a personal loan with Santander for £25,000, but his application was declined. Mr M said it had been declined unfairly, both initially and on appeal, and he believes that discrimination played a part in Santander's decision. He's also unhappy that he received no communication regarding Santander's decision, and that they incorrectly sent him a copy of their final response to his complaint (FRL) when he requested the reason for decline be resent to him. Unhappy, he complained; he wants his application accepted and the hard credit searches removed from his credit file.

Santander responded. They said they declined Mr M's application as he'd made them aware he was having issues with his pay and had not been paid since January that year. They said they wouldn't be willing to lend £25,000 to a customer when it was clear there were issues with their income. They said they were satisfied they sent the relevant correspondence to the address Mr M had provided; but they accepted they made an error when they sent a further copy of the FRL to Mr M, instead of a copy of the decline letter that he requested. So, they offered Mr M £70 in compensation for their failing here.

Mr M refused Santander's offer and said that Santander implying he had not been paid since earlier that year was incorrect. So, he referred the matter to our service.

An investigator considered Mr M's complaint. In summary, he said he felt the reasons Santander had provided for declining his loan were fair, and that it wasn't unreasonable for Santander not to lend to Mr M when they had concerns around affordability. So, he said Santander didn't need to do anything further, in addition to the £70 compensation payment they had offered.

But Mr M remained unhappy. So, as the parties remain in disagreement, the case was 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.

While I know this will come as a disappointment to Mr M, I agree with the investigator here for broadly the same reasons.

When Mr M applied for the loan in May 2025, he had a conversation with Santander over the phone. I've now been sent a transcript of the call that covers the topics discussed. Within the call, Santander explained that they could no longer see Mr M's income crediting his Santander bank account, and they enquired into where his income was being paid. Mr M explained that his income wasn't going elsewhere, but that he was having a dispute with his employer at present.

Santander went on to ask Mr M whether he was no longer working for his employer and he replied, explaining that he was supposed to be working but had some issues with his employer and that's why he had stopped for a couple of months.

Santander asked Mr M if he had a payslip within the last three months to confirm his income, and whether he was still on full pay, to which Mr M replied that he was supposed to be on full pay, but he was having some dispute over payment.

Santander then asked Mr M when he had last been paid by his current employer, to which Mr M replied – “*last time it was January*”. Santander clarified this point by asking, “*so, have you had a salary since January*”, to which Mr M replied “*No, I'm having a dispute with my employment at the moment, that's what I'm trying to say*”, and he explained that it was in January he was last paid. Santander asked again, if it was correct that Mr M was no longer receiving a salary whilst this dispute was ongoing; to which Mr M replied “*Yeah*”.

Following the above conversation, Santander wrote to Mr M in early and mid-May 2025, explaining that having assessed his application, unfortunately they were unable to offer him a loan at that time. And following Mr M's appeal, they wrote to him again at the end of May, explaining that they based their decision partly on the income and outgoings Mr M declared, alongside information they received from one or more credit reference agencies. They said they also look at any existing balances currently held with other lenders, and from the information they obtained, they concluded Mr M may not be able to repay any further credit comfortably.

I understand that Mr M is upset that his application was declined, and I appreciate he may have needed this money, but ultimately, it's up to a lender to determine whether or not they should lend to a customer, taking into account a number of factors. Given the detail behind the questions Santander asked Mr M, and considering Mr M's responses – where he explained the ongoing dispute between him and his employer - it doesn't seem unreasonable that Santander would have concerns about lending to Mr M, given the issues he may experience with repayments. So, based on the evidence provided, there's nothing to suggest to me that Mr M's application was declined unfairly, or that discrimination played a part in Santander's reasons for declining his application.

I've also seen copies of the letters that were sent to Mr M, informing him that his application was declined. They are dated in May and were sent to the same address Mr M provided our service. So, I'm satisfied Santander communicated with Mr M appropriately in respect of the progress of his application.

I appreciate Mr M would like the hard credit searches removed from his credit file in respect of the declined applications, but lenders have a responsibility to report accurate information to credit reference agencies in respect of any applications a customer makes - and it seems that's just what they did here. So, I have no reason to ask Santander to remove the searches, as I'm satisfied they're an accurate reflection of the events that took place.

I do however acknowledge that there was a failing on Santander's part, and that a copy of the letter declining his application, wasn't sent to Mr M when requested; and that instead, Santander incorrectly provided a further copy of the FRL. Santander have accepted their error in this regard and have offered Mr M £70 in compensation. I think this is a fair sum to compensate Mr M for the frustration this would have caused.

The main point in this dispute here was that Mr M felt his application was declined unfairly, and that Santander discriminated against him. I can understand why Mr M is unhappy with the outcome, but having looked at all the evidence provided, I don't think Santander have

done so. Nor do I think Santander have acted unfairly or unreasonably in declining Mr M's application. I hope that it helps Mr M to know that someone impartial and independent has looked into his concerns here.

So, for the reasons set out above, I won't be asking Santander to do anything further in addition to the £70 compensation they have offered Mr M.

My final decision

My final decision is that I uphold Mr M's complaint. If they haven't already, Santander UK Plc should pay Mr M £70 compensation for the inconvenience their administration error caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 24 December 2025.

Brad McIlquham
Ombudsman