

The complaint

Miss L complains that Santander UK Plc (Santander) lent to her irresponsibly by granting her loan application when she was already in financial difficulties.

What happened

Miss L applied for and was granted a loan from Santander as shown below:

Date	Amount of credit	APR	Loan term	Monthly repayment
August 2021	£8,000	24.9%	60 months	£222.96

In summary, Miss L says that Santander lent to her irresponsibly by making insufficient affordability checks when offering the loan. She says that had proper checks been made, Santander would have seen she was already in significant financial difficulty and making regular use of her overdraft facility. Miss L says this has caused her significant financial strain and adversely impacted on her mental health since taking the loan.

Miss L complained to Santander in July 2025. They considered the matter, but didn't uphold her complaint. In their Final Response Letter of August 2025, Santander said they had conducted a thorough check on Miss L's application. They said this included a full credit check and consideration of affordability using several different industry standard approaches. Miss L disagreed and brought the matter to this service in September 2025.

An investigator considered the available evidence and merits of the case. In her view, Santander didn't make appropriate or reasonable checks at the point of application. But, had they made them, she felt it would have shown Miss L could likely afford to repay the loan sustainably. As a result, the investigator felt the lending was fair. Miss L disagreed so the case has come to me for a final decision.

I have read all the materials provided by Miss L and Santander and considered the points made by both parties carefully. Miss L has clearly undertaken a considerable amount of research in support of her claim. While I cannot respond to each point in detail, I will address the specific concerns raised about the investigator's view in my 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.

We've set out our approach to considering unaffordable and irresponsible lending complaints on our website – including the key relevant rules, guidance, good industry practice and law. In short, lenders must ensure that any credit that is approved is affordable and sustainable for the borrower. I've followed our approach when deciding Miss L's complaint.

Having considered all the evidence and recognising that it will disappoint Miss L, I agree with the investigator's view in this case. I will explain why I've reached this conclusion. When Miss L applied for her loan, she declared a monthly income of £1,295 and said her monthly outgoings were £300. The purpose of the loan was to purchase a car.

Santander validated Miss L's outgoings by making reference to her credit file via a third party credit agency. It also applied Office of National Statistics (ONS) modelling data along with the information provided on Miss L's application to estimate her outgoings. It is worth stating that the credit file was positive with no County Court judgments, Individual Voluntary Arrangements or bankruptcies recorded. It also showed a very low existing credit commitment and well managed accounts.

I think the checks for expenditure were reasonable given the content of the credit file. However, Santander acknowledge that they didn't validate Miss L's income. They relied entirely on the amount she declared on her application form. This could have been validated in a number of ways and I would have expected Santander to do so.

For this reason, I agree with the investigator's view that the checks performed by Santander were not reasonable or proportionate for the lending. I say this given the size and term of the loan and the relatively low income declared.

At this point, I will address Miss L's concern that having made this finding I should focus exclusively on what Santander did next. I can understand Miss L's frustration, but that is not the test I must apply.

To uphold Miss L's complaint, I must be satisfied of two points. The first is whether reasonable and proportionate checks were made. I have already said they were not made in this case. But that isn't enough. Where insufficient checks have been performed, I must also consider what would have been found had those reasonable checks been made. I recognise Miss L thinks this is the wrong test and there may be a better test, but there I cannot help her. These are the tests applied in all such cases and this is detailed on our website.

To recreate what Santander would have seen had they made proportionate and reasonable checks, I have referenced the current account records used by the investigator in forming her view. I have assessed these independently but have found they broadly agree with the investigator's calculations.

I have used current account records as they are the best evidence I have of Miss L's financial situation at the time. It is important to say, I don't think Santander would have needed to look at current account records to reach a lending decision in this case. For that reason, I don't think they would necessarily have seen the detailed use of Miss L's overdraft facility. Even if they had, the use of an overdraft facility alone doesn't necessarily indicate financial difficulties, particularly where the credit file shown a broadly positive position.

Having considered the current account records for the three months leading up to the lending decision, I can see an average monthly income from salary of £1,212.95. When housing costs and essential living expenses are deducted, the disposable income is such that it is likely sustainable repayments could be made.

Given this, I think Santander made a fair lending decision in this case.

In reaching my conclusions, I've also considered whether the lending relationship between Santander and Miss L might have been unfair to Miss L under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Santander did not lend irresponsibly when providing Miss L with the loan. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I don't uphold Miss L's complaint against Santander UK Plc

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 19 March 2026.

Richard Bellamy
Ombudsman