

The complaint

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

What happened

Mr B applied for a Santander loan of £5,000 on 4 April 2025. In his application, Mr B said he was earning £1,600 a month after deductions and had outgoings of £400. Santander completed a credit search and found other unsecured credit totalling around £300 with monthly repayments of £16. No adverse credit or recent missed payments were noted on Mr B's credit file.

An affordability assessment was completed using Mr B's net monthly income of £1,600. Santander used a housing cost figure of £226 a month, an estimate of Mr B's general living expenses of £861, unsecured debt repayments of £16 based on his outstanding balance and £255 for the new loan payment for his regular outgoings. Santander says that meant Mr B had regular outgoings of around £1,358 a month. The left a disposable income of £272 a month remaining.

Santander approved Mr B's application and the loan funds were issued. On 12 April 2025 Mr B contacted Santander and complained. When the final response wasn't received within the standard time limit, Mr B referred his complaint to this service.

Mr B explained that he's been struggling with mental health problems and developed a serious gambling problem. Mr B explained he felt Santander lent irresponsibly and failed to take to his mental state into account.

An investigator at this service looked at Mr B's complaint. The investigator thought Santander completed reasonable and proportionate lending checks before approving Mr B's loan and wasn't persuaded it lent irresponsibly. The investigator wasn't persuaded that Santander had treated Mr B unfairly in any other way.

Mr B asked to appeal and raised concerns about the lending checks completed by Santander. Mr B also said he had other debts including to credit cards with substantial balances that weren't taken into account by Santander during the application. Mr B also talked about difficulties he experienced submitting bank statements to Santander after he complained. As Mr B 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.

I'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file.

I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

Before agreeing to lend, the rules say Santander had to complete reasonable and proportionate checks to ensure Mr B 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 that Santander used when considering Mr B's loan application above. As noted, Mr B confirmed his income as £1,600 a month after deductions. Santander's explained it used a service provided by the credit reference agencies to verify the income figure Mr B gave. A credit search was completed that found Mr B had other unsecured debts totalling around £300 with monthly repayments of £16. No adverse credit or recent missed payments were noted which, in addition to his low level of credit, indicated Mr B was in a stable financial position.

I know Mr B's told us he had other debts at the time and has specifically mentioned two credit cards with balances totalling around £5,500 as well as an advance against income. I can see our investigator asked Mr B for a full copy of his credit file but it wasn't supplied. I've looked at the other information has supplied including evidence Mr B opened a credit card with another lender I'll refer to as B in March 2025. I should explain that new accounts generally take between four and six weeks to appear on a credit file. And the evidence here shows B's credit card wasn't being reported when Santander received Mr B's application on 4 April 2025. Again, the credit card Mr B opened with M on 17 March 2025 wasn't showing on his credit file when the application to Santander was made on 4 April 2025, most likely due to the lack of time. The advance against income evidence Mr B supplied shows he opened it three days after completing his Santander loan application, so it wasn't an existing debt at the time. I'm sorry to disappoint Mr B but I haven't seen anything that indicates Santander ignored debts it found or failed to act reasonably by relying on the credit file data it obtained.

Santander completed an affordability assessment using Mr B's income of £1,600 a month net and took housing costs, general living expenses, credit repayments and the new loan payment of £254.40 into account. That came to a total of £1,358 a month leaving £272 as a disposable income after the new loan payment was covered. In my view, that was a reasonable conclusion to reach following proportionate checks.

Taking all the application information Santander obtained into account, I haven't seen anything that I think should've caused it to complete additional checks before deciding to proceed. Mr B's credit file showed no adverse credit and a low level of unsecured debt.

Santander used reasonable estimates for Mr B's outgoings – an approach the relevant lending rules allow it to take. And when Santander applied its lending criteria taking Mr B's income, existing outgoings and new loan payment into account, it found he had a reasonable disposable income of £272 a month. Overall, I'm satisfied Santander completed proportionate checks before approving Mr B's loan and its decision to do so was reasonable based on the information it obtained.

I understand Mr B feels Santander should've asked for more information about him before decision to proceed but for the reasons I've noted above, I'm satisfied it acted fairly by relying on the application information it obtained.

Mr B's also raised the point that the loan funds were paid into a business bank account he holds with another bank. But the account details used were provided by Mr B for an account he holds and I haven't seen anything that shows Santander acted unfairly by following his instructions.

I've also thought about whether the information Santander had available should've indicated Mr B was vulnerable or suffering with mental health difficulties. But the information obtained by Santander indicated Mr B was in a stable financial position and wasn't overcommitted or borrowing at an unusually high rate. I'm sorry to disappoint Mr B but I haven't seen information that Santander I think should've caused it to reach the conclusion Mr B was vulnerable at the time.

Mr B's made a number of points in response to the investigator's view of his complaint and provided examples of other decisions we've made. I should explain that we consider complaints individually so whilst I've read and taken note of all the examples Mr B has provided, I'm satisfied I've fairly considered the individual circumstances of his case in reaching my decision.

I can see Mr B has other concerns in terms of difficulties submitting bank statements to Santander after he complained and the information it included when responding to a Data Subject Access Request (DSAR). Whilst I note Mr B's comments, before I can make a decision on those issues Santander would need to be given the opportunity to investigate and respond. And I haven't seen anything that shows those points have been directly raised with Santander as a complaint. Should Mr B wish to raise those points, he can do so directly or with the assistance of our investigator. Santander will then have an opportunity to investigate and issue a final response. If Mr B remains unsatisfied with Santander's final response he can refer the matter to us for an independent review.

Santander has explained that it placed collections activity on hold while Mr B's complaint was being dealt with by this service. My decision marks the end of our process and the conclusion to Mr B's case. From this point, Santander will need to ensure it engages with Mr B fairly if he continues to need support and experiences financial difficulties

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 B 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 B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 February 2026.

Marco Manente
Ombudsman