

The complaint

Mr H has complained that Santander UK Plc (Santander) is holding him liable for a loan which he was scammed into taking and that he says shouldn't have been approved as it was unaffordable to him.

Mr H's brother represented him with his complaint.

What happened

The circumstances of this complaint are well known to both parties, so I will not repeat them all again here in detail. But I will provide an overview of the key events below.

On 5 April 2024 an online loan application was received and approved by Santander for a £15,000 loan in Mr H's name, and the funds were paid to Mr H's existing current account.

Mr H says that Santander agreed to it without carrying out the relevant affordability checks. He says he was unemployed with long standing health issues and that he fell victim to a scam.

Santander says Mr H declared the loan was for the purpose of home improvements and disclosed a monthly income of £1,400 when making the application. But Mr H says that he was persuaded to take the loan for the purposes of investing, and the income figure was inflated due to pressure from the scammers - which would have been seen to be far from the truth if Santander had conducted relevant checks before approving the loan.

He says that had Santander completed credit checks it would also have seen that this application preceded a loan application he made with another provider for £20,000 on 26 March 2024.

Santander investigated the matter but held Mr H liable for the loan. It said that the application had been completed online and before any funds were released, a letter was sent to Mr H's genuine address containing details of the loan, as well as a PIN (Personal Identification Number) which Mr H was required to enter before the loan funds were released. It said it also established that the funds had been credited to a longstanding account held in Mr H's name with another bank – I'll call B.

It suggested that as Mr H had been the victim of a scam and the funds had been transferred on from his account, Mr H should contact B to report the scam. It also said it had carried out the necessary checks, prior to agreeing the loan and when the funds were paid into Mr H's account with B, after Mr H had authorised it.

Unhappy with Santander's response, Mr H referred the matter to our service.

Our Investigator considered Mr H's complaint and initially didn't uphold it, but on reviewing the matter again she partially upheld the complaint and said she was not satisfied that Santander should have agreed to the loan based on Mr H's financial circumstances at the time. So, she asked it to refund any interest and charges, but that Mr H was liable for the

principal sum of the loan.

But Santander disagreed with the investigator. It said it had conducted robust income and affordability checks which align to the regulations set out by the Financial Conduct Authority (FCA) and an application would need to pass all of them for the application to be accepted. And Mr H disagreed that he should be held liable for the loan.

As the complaint remained unresolved it was passed to me to decide.

I issued a provisional decision on this complaint. My findings are set out below.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I'm not intending to uphold this complaint, in that I agree it's fair and reasonable for Santander to hold Mr H liable for the loan in full, including all associated interest and charges.

I note the loan has since been repaid with money Mr H borrowed from his family and I appreciate that he fell victim to a scam here. I also appreciate that the matter has impacted him significantly and he has my sympathy. I hope he is getting the support he needs with his health and I'd like to assure him I haven't taken this decision lightly.

I have carefully considered everything presented by both parties and although I have summarised this complaint in far less detail than the parties have, I want to stress that no discourtesy is intended by this. If there is a submission I have not addressed, it is not because I have ignored the point. It is because I have focused on what I have found to be the key points.

I can see that here Mr H doesn't dispute knowledge of the loan, or contest application of the loan itself, and by his own admission he says he's aware the application was made in his name by the scammers.

He also mentions that the proceeds from the loan were used to fund a cryptocurrency investment (albeit an illegitimate investment). So, I am satisfied that he authorised and provided the relevant information required by Santander for the loan to be agreed and that his intention was to invest the money for his benefit.

But fundamentally, what Mr H argues here is that Santander should not have agreed to giving him the loan given his circumstances at that time.

So, I have given this a great amount of thought when considering this complaint and in doing so, I have looked closely at all the evidence presented to understand what happened. This includes considering information Mr H's representative and Santander has presented, and reviewing information relating to the loan Mr H applied for and his overall circumstances and intentions at that time for the loan proceeds. I have also considered what happened after the loan money was deposited into Mr H's account with B along with reviewing the activity on all of his accounts.

Firstly, when considering irresponsible lending concerns, there is no set list of checks a lender is expected to carry out at the point of application.

Here prior to Santander agreeing to the loan, the rules and regulations required it to carry out a reasonable and proportionate assessment of whether Mr H could afford to repay it. Meaning Santander had to think about whether repaying the loan would cause Mr H any

difficulties, or if it would adversely impact him.

The checks conducted also had to be proportionate to the specific circumstances of the loan application.

There may also be other factors which could influence how detailed a proportionate check should've been for a given application – including any indications of borrower vulnerability and any foreseeable changes in future circumstances. So, I've kept all of this in mind when thinking about whether Santander did what it needed to do before agreeing to lend to Mr H. Santander says it conducted income and affordability checks prior to agreeing to the loan.

These comprised of:

- Asking for details of Mr H's income and estimated outgoings and using a combination of Office of National Statistics (ONS) to estimate his rent and living costs.*
- Using bureau data for Mr H's credit file to understand his credit history and existing credit commitments so as to estimate outgoings based on Mr H's circumstances.*

Santander says that regarding any assessment of Mr H's income and expenditure, the application was system-accepted and therefore wouldn't have been referred for income validation. However, it went through an aggregator channel validated by Trans Union.

It explains Mr H's income was verified using Experian and TransUnion income check tools as part of its automated decision-making process to establish Mr H's credit worthiness, and that these same checks are used by lenders across the industry.

Santander says the income figure provided by Mr H passed the income checks with a high-level of confidence and these checks combined concluded that Mr H was able to sustainably afford to repay the loan and allowed for the loan to be agreed.

Having reviewed the evidence presented, I'm satisfied these checks were proportionate given the value of the loan and the monthly repayments relative to Mr H's declared income. And I think Santander made a fair lending decision based on the results of its checks.

I say this because the application shows that a net monthly income of £1,400 was declared with regular outgoings of £560, so leaving a disposable income level of £840 to cover the monthly loan repayment of £432.05, which would indicate that the loan was affordable to Mr H.

Mr H had also declared that he owned his property outright, so no mortgage obligations or accommodation costs were included in calculations to verify Mr H's living costs.

The ONS estimated his living expenditure to be £776. And the bureau credit file evidence shows his existing credit commitments were affordable based on only £1,600 showing as an existing outstanding unsecured debt. As the new loan credit was to cost Mr H a further £432.05 per month, his estimated outgoings going forward therefore totalled £1,216.

So overall I don't find the income figure that was disclosed in Mr H's loan application, would not have allowed him to maintain the level of credit he was applying for, or ought to have concerned Santander.

I note Mr H says that a loan agreed for £20,000 with another loan provider, several days prior, combined with his vulnerabilities should have raised concerns for Santander. But

Santander says the loan did not show on Mr H's credit file at the time of the loan application, and nor have I seen any evidence presented by Mr H to demonstrate this – or that his vulnerabilities had been disclosed to Santander.

I accept that Mr H's financial position may not have been what was suggested but given the nature of this lending I don't find it would have been reasonable or proportionate for Santander to carry out the level of financial review needed to possibly discover this.

So, it follows that I do not think Santander was wrong to give this loan to Mr H and I'm satisfied it completed appropriate checks prior to agreeing to the loan. I also don't think Santander was to know at that time that there was anything untoward about the application and the information that Mr H had provided.

It was applied for using Mr H's genuine details and the application was further verified by Santander prior to it being accepted – which involved Santander sending a letter to Mr H's address so he could invariably reconsider what he was requesting.

Overall, I am satisfied that Mr H, enabled the application of a loan and the loan proceeds were credited to an account in his name that he went on to use. As such, I don't think it would be fair and reasonable for me to prevent Santander from pursuing Mr H for the full loan amount – including the applicable interest and charges.

I don't doubt that Mr H was the victim of a scam here. It seems that he was manipulated into thinking the money from the loan was to be invested into a genuine scheme and I appreciate that he has found it difficult to come to terms with what has happened, as he clearly believed the scammers intentions were genuine. But as Santander approved the loan in good faith based on the information that was provided and would have been unaware of the scammers involvement at the time of the application - or Mr H's actual financial and personal circumstances - I think it would be fair for Santander to hold Mr H liable for the loan in line with its terms and conditions (that Mr H agreed to).

As a result, I don't currently intend to uphold the complaint or require Santander to do anything else here.

I said I'd consider any further submissions made by either party – by the deadline set.

Responses to my provisional decision

Mr H made a full Subject Access Request (SAR) to this service which was subsequently fulfilled. He responded with further points for my consideration.

In summary Mr H said Santander did not carry out reasonable or proportionate checks as required by FCA rules. He also pointed out that:

- His income was not verified and was overstated.
- His expenditure was inconsistent.
- The application stated he was retired, but he was not of retirement age and income with no source should have triggered further checks.
- The size of the loan should have led to further checks, and a previous loan application was ignored by Santander.
- The loan was foreseeably unaffordable at the time of approval.

Mr H also said Santander didn't disclose certain information despite his rights around accessing personal data about himself.

Santander made no further comments.

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.

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Our approach to considering complaints relating to unaffordable and irresponsible lending is set out on our website. And I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint.

As previously explained, before approving credit, lenders are required to conduct several checks to assess the ability of the consumer to be able to make the repayments in an affordable way over the term of the loan. The checks aren't specific in nature, but the regulations say they need to be reasonable and proportionate.

My role here was to consider whether the checks carried out by Santander were reasonable and proportionate based on the information that was available to it at the time.

I appreciate Mr H's very detailed response to my provisional determination, but having considered everything fully, I note the points raised by Mr H reiterate what has already considered in my provisional decision and I can see no new information has been provided. So, my decision does not change. That is, I do not find I have enough to say Santander was wrong to approve the loan based on the information that was provided in the application – which Mr H has told us he had knowledge of.

I also understand Mr H frustrations relating to his information rights. A subject access request gives consumers the right to request a copy of their personal data from an organisation – which I can see was fulfilled by this service – but it would not extend to and include documents or evidence relating to the complaint which does not include his personal data. I can see this difference was explained to Mr H and that our investigator shared all further complaint specific information that Santander had presented to this service separately where it could. Mr H may also make a SAR with Santander directly should he still require.

In summary, having reconsidered the further submissions presented, I've come to the same conclusion as before, and for the same reasons as set out in my provisional decision above, my findings remain that I can't reasonably say that Santander should do anything further.

My final decision

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 14 April 2026.

Sukhdeep Judge
Ombudsman