

Complaint

Mrs A has complained about personal loans, a credit card and an overdraft which she says Santander UK Plc (“Santander”) unfairly provided to her. She says all of this credit was unaffordable and so shouldn’t have been provided.

Background

This is a complaint about personal loans, a credit card and an overdraft which Santander provided to Mrs A. Her borrowing history is as follows:

Personal Loans

Loan	Date taken	Amount	Term*	Monthly repayment	Settled
1	March 2023	£25,000.00	36	£752.32	May 2023
2	February 2024	£3,000.00	24	£137.71	June 2024

Credit Card¹

Date	Event
March 2023	Card provided with a limit of £8,500.00
September 2024	Limit increased to £10,300.00

Overdraft

Date	Event
October 2014	Facility agreed with a limit of £100
March 2023	Limit increased to £500
July 2023	Limit increased to £1,500.00
February 2024	Limit increased to £2,500.00
April 2024	Limit increased to £3,000.00
April 2024	Limit increased to £4,000.00
August 2024	Limit increased to £5,000.00

In August 2024, Mrs A complained that Santander shouldn’t have agreed to provide her with any of the credit that it did. Santander didn’t uphold Mrs A’s complaint. As far as it was

¹ In response to the investigator’s assessment Mrs A referred to a second credit card which Santander has confirmed Mrs A had. However, having reviewed Mrs A’s initial letter of complaint to Santander it’s clear she only included the account number for a single credit card in her complaint. The first time Mrs A referred to having a second credit card, which she was unhappy about, was in response to the investigator’s assessment. As Santander hasn’t given us consent to look at that account and it has confirmed that it wishes to consider the matter itself in the first instance, we’ve told Mrs A we can’t consider a complaint about the second credit card as part of this case and what she needs to do if she remains unhappy about that account.

concerned, it carried out proportionate checks which showed it that it was reasonable to lend on all of the occasions that it did. Mrs A remained dissatisfied after Santander's response and referred her complaint to our service.

One of our investigators reviewed what Mrs A and Santander had told us. He eventually reached the conclusion that Santander hadn't done anything wrong or treated Mrs A unfairly when providing Mrs A with her loans, credit card or overdraft. So he didn't recommend that Mrs A's complaint should be upheld.

Mrs A disagreed with the investigator's conclusions and asked for an ombudsman to review her complaint.

My findings

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

Our typical approach to complaints about unaffordable and irresponsible lending

We've explained how we handle complaints about irresponsible and unaffordable lending on our website. And I've used this approach to help me decide Mrs A's complaint.

I think that it would be helpful for me to set out that we consider what a firm did to check whether repayments to credit were affordable (asking it to evidence what it did) and determine whether this was enough for the lender to have made a reasonable decision on whether to lend.

Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower's ability to repay.

That said, I think that it is important for me to explain that our website does not provide a set list of mandated checks that a lender is expected to carry out on every occasion – indeed the regulator's rules and guidance did not and still do not mandate a list of checks to be used. It simply sets out the types of things that a lender could do.

It is a for a lender to decide which checks it wishes to carry out, although we can form a view on whether we think what was done was proportionate to the extent it allowed the lender to reasonably understand whether the borrower could make any repayments. Furthermore, if we don't think that the lender did enough to establish whether the repayments to any credit were affordable, this doesn't on its own mean that a complaint should be upheld.

We would usually only go on to uphold a complaint in circumstances were we were able to recreate what reasonable and proportionate checks are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

I've considered Mrs A's complaint in this context.

The parties' submissions

Santander says it approved Mrs A's applications after she provided details of her monthly income and some information on her expenditure. It says it cross-checked this against information on credit searches it carried out. In Santander's view, the information it gathered showed that Mrs A could afford to make the repayments she was committing to on each occasion.

On the other hand, Mrs A has said that the checks carried out weren't sufficient. Furthermore, her existing debts as well as the activity on her current account ought to have shown Santander that it shouldn't have provided any of this credit to her.

I've carefully thought about what Mrs A and Santander have said.

I'll start by considering whether Santander acted fairly and reasonably when providing Mrs A with her loans.

Did Santander carry out reasonable and proportionate checks before providing Mrs A with her loans?

As Santander provided Mrs A with two loans, I've considered its checks for each of them separately.

Loan 1

Loan 1 was for £25,000.00 and provided in March 2023. The information I've been provided with on this loan suggests that Mrs A had to make 36 monthly payments of just over £750. From what I've seen, Santander appears to have simply relied on what Mrs A said in relation to her income and expenditure and the fact that she didn't have any adverse credit information recorded against her.

However, Mrs A was committing to making payments of just over £750 for a period of three years. She was also being advanced a significant amount even when her cross-checked income is considered. Given the amount of the payment Mrs A had to make, I would have expected Santander to have taken steps to understand her actual monthly expenditure.

As I can't see that Santander did obtain this information from Mrs A and neither has it argued that it took any steps to cross check what Mrs A had said about her expenditure, I'm not persuaded that the checks it carried out before providing loan 1 were reasonable and proportionate.

Loan 2

The information Santander has provided suggests that it carried out similar, or even the same, checks before it agreed to provide loan 2 to Mrs A. I have already explained why I think that these checks were not sufficient for loan 1. I'm also mindful that loan 2 was being provided in circumstances where Mrs A was now a repeat borrower.

Nonetheless, I'm mindful that Mrs A had repaid loan 1 just over two months into what was a three-year term. Furthermore, there was a gap of around nine months before loan 2 was then provided. So I don't think that it is automatically the case that Mrs A shouldn't have been provided with loan 2.

Bearing in mind the amount advanced for loan 2 was considerably lower and the monthly payments were also much lower at around £140, there is an argument for saying that Mrs A's repayment record on loan 1 in itself indicated that loan 2 was affordable. However, I

also have to keep in mind that by this stage Mrs A also held a credit card and an overdraft with Santander too.

As this is the case, I think it would have been prudent for Santander to have obtained information on Mrs A's actual living costs before it provided loan 2 to Mrs A. As I can't see that Santander did obtain this information from Mrs A, I'm not persuaded that the checks it carried out before providing loan 2 to Mrs A were reasonable and proportionate either.

Would reasonable and proportionate checks have prevented Santander from providing these loans to Mrs A?

As Santander didn't carry out sufficient checks before providing these loans to Mrs A, I've gone on to decide what I think Santander is more likely than not to have seen had it obtained the information that I think it should have gathered before agreeing to lend. As I've explained, bearing in mind the circumstances here, I would have expected Santander to have had a reasonable understanding about Mrs A's actual regular living expenses as well as her income and existing credit commitments.

I want to be clear in saying that this isn't the same as saying that Santander had to review bank statements in order to verify all of this, as how it found out what it needed to find out was down to it. Nonetheless, as I'm considering what proportionate checks are likely to have shown after the event, Mrs A's current account transactions have in any event been provided and this has what I now need to assess this complaint, I don't think it is unreasonable for me to have a look at this information with an idea to determining what I think Santander finding out more about Mrs A's circumstances is likely to have shown at the respective times.

I've therefore considered the account transaction data provided in order to determine what I think Santander finding out more about Mrs A's actual regular living costs are likely to have shown it. Having done so, I don't think that Santander attempting to find out further information about Mrs A's actual regular living costs would have made a difference on either occasion.

I say this because I've not seen anything that shows me that when Mrs A's committed regular living expenses, other non-discretionary expenditure and her existing credit commitments were deducted from her income she did not have the funds to make the monthly payments to these loans.

Did Santander provide loan 2 in circumstances where it ought to have realised that it was increasing Mrs A's indebtedness in a way that was unsustainable or otherwise harmful?

In reaching my conclusions, I've also kept in mind that Santander provided a second loan to Mrs A and that repeat borrowing in itself can sometimes be an indication of difficulty. However, as explained, the amount Mrs A borrowed for loan 2 was significantly lower (more than £20,000.00 lower) than what she was lent for loan 1. Furthermore, loan 1 had already been repaid in full and there was then a nine month gap in before loan 2.

As this is the case, I don't think that Santander had reason to suspect that Mrs A may have been taking out loan 2, because of any hole that loan 1 might have left in her finances. The significant disparity in loan amounts, loan 1 being repaid so early and loan 2 having significantly lower monthly payments, all point to Santander being entitled to consider Mrs A's applications as being for separate and discrete purposes, rather than as a result of a continuing cycle of unsustainable debt.

So while Mrs A being a repeat borrower here has led to me taking a closer look at the overall pattern of lending, I'm satisfied that it wasn't unfair for Santander to have provided loan 2 to

Mrs A on the basis that it ought to have realised that it was increasing Mrs A's indebtedness in a way that was unsustainable or otherwise harmful. This means that I haven't been persuaded to uphold Mrs A's complaint about her loans.

I'll now turn to considering Mrs A's complaint about her credit card.

Did Santander act fairly and reasonably when providing Mrs A with her credit card and the limit increase?

What's important to note is that Mrs A's credit card was a revolving credit facility and this means that Santander was required to understand whether credit limits of £8,500.00 and £10,300.00 could be repaid within a reasonable period of time, rather than all in one go. It's important to note that a reasonable period of time isn't defined in the rules. Although, the guidance indicates that the typical term associated with repaying a fixed-sum loan of the amount of a credit limit provides a useful yardstick. I think it's fair to say that the typical term for loans of £8,500.00 and £10,300.00 would be around five to seven years.

From the information provided, it looks like Mrs A declared that she had an income of £35,000.00 a year. I understand that Santander's credit check didn't show any record of Mrs A having any recent previous difficulties repaying credit – such as defaulted accounts or county court judgments recorded against her when she applied for the credit card.

Furthermore, I understand that the credit that Mrs A did have was being managed reasonably well. In these circumstances, I don't think that Santander had reason to question what Mrs A had declared for her income. Although as this credit card was provided around the time of loan 1, there is an argument for saying that Santander ought to have found out more about Mrs A's living expenses.

However, I don't think that Santander obtaining such information would have made a difference as I can't see that Mrs A's living costs meant that she couldn't make sustainable repayments to this credit card. As this is the case, I think Santander was reasonably entitled to accept Mrs A's application for this credit card and provide her with a credit limit of £8,500.00.

The limit increase to £10,300.00

As I've explained in the background section of this decision, Santander went on to increase the credit limit on Mrs A's credit card to £10,300.00 in September 2024. In considering whether it was fair and reasonable for Santander to have offered this limit increase, I'm mindful that in the 17 month period between March 2023 (which was the month Mrs A made her first payment on this account) and August 2024 (which was the month before Mrs A was offered the limit increase), Mrs A made monthly payments which totalled over £50,000.00.

The payments made are clearly far more than Mrs A just making the minimum payment that she was required to. Even if I were to accept that Mrs A may also have had other credit commitments elsewhere during this time, I think it would be fair to say that her unsecured lending did not grow by the same amount in this time. Equally, as Mrs A was making payments far in excess of what she was contractually obliged to, I don't think any argument that she was forced into borrowing elsewhere, in order to meet the commitments she had to make on this card at least during this period, would be persuasive.

Bearing in mind Mrs A managed to make payments of over £50,000.00 in 17 months, it is extremely difficult for me to say that Mrs A's repayment record in itself didn't suggest that she could repay £10,300.00 within a reasonable period of time. This is important as Santander was entitled to rely on Mrs A's repayment record on this account when deciding

whether to increase her credit limit and a reasonable period of time for repaying £10,300.00 would typically be considered to be a standard term a fixed sum loan for this amount would be.

As I've explained, it's not unfair to say that a typical term for a fixed sum loan of £10,300.00 would be at least five years and anything up to seven years – when this limit increase was offered in September 2024. In my view, Mrs A actually repaying over £50,000.00 in the 17 months she had the card is, in itself, a powerful indicator of her being able to repay the credit limit increase that Santander offered. And I also have to consider this in the context that she had already fully repaid the £25,000.00 for loan 1 by this stage – albeit she went on to take out a further £3,000.00.

As this is the case, I don't think that Santander acted unfairly when it increased the credit limit on Mrs A's credit card. Mrs A's repayment record, which Santander was entitled to rely on, strongly suggested that she could repay £10,300.00 within a reasonable period of time. In these circumstances, I've not been persuaded to uphold Mrs A's complaint about the initial decision to provide her with a credit card, or to increase her credit limit.

I'll now turn to setting out my conclusions on Mrs A's overdraft.

Did Santander act fairly and reasonably when providing Mrs A with her overdraft, increasing the limit on it and allowing her to continue using the facility?

Mrs A's overdraft was also a revolving credit facility. So Santander was required to understand whether a limit of up to £5,000.00 could be repaid within a reasonable period of time. It's fair to say that an overdraft limit of up to £5,000.00 would have required reasonably sized monthly credits in order to clear the full amount that could be owed within a reasonable period of time.

Once again Santander carried out credit checks before providing this overdraft to Mrs A and increasing her limit. I haven't seen anything to indicate that Mrs A had any significant adverse information - such as defaulted accounts or CCJs recorded against her at these respective times either.

I appreciate that Mrs A did have some existing active credit. However, I don't think that this means she shouldn't have been provided with overdraft. As Mrs A was an existing Santander current account holder, where I have it, I've looked at her account transaction data in the period leading up to her applications. I think that it is fair to say that Mrs A's account transaction data does show that she was in receipt of sufficient funds each month in order to clear overdraft limits of up to £5,000.00 within a reasonable period of time.

While I wouldn't go as far as the investigator did and say that Mrs A was earning £20,000.00 a month, it's nonetheless clear there were significant amount of funds being credited to Mrs A's account. Indeed, Mrs A's account received credits of tens of thousands of pounds on multiple occasions.

I fully accept it's possible that Mrs A's position might have been worse than what it looks like from her account transaction data. But it wouldn't be fair and reasonable for me to use hindsight here, or say that Santander should have known this was the case at the time it was making its lending decisions. This is especially bearing in mind the sheer amount of funds that were going into Mrs A's current account during this period.

Mrs A's gambling

In reaching my findings, I've thought about what Mrs A has said about her illness and the fact that she was gambling. In the first instance, I wish to say that it's clear that Mrs A has been through an extremely difficult time. I sympathise with these difficulties and the position she's been left in.

That said, I do think that it may be helpful for me to explain that any transactions made by a customer aren't monitored by human beings before being individually processed. Indeed, the modern world we live in sees transactions made in places all over the world and by various methods. For example, a customer can make a transaction via the internet without having to be physically present where a merchant is located. The sheer number of card transactions made over the course of even a single day means that a system requiring a manual review of the circumstances prior each transaction being processed, would be unworkable.

As a result, many financial institutions – including Santander – use algorithms to monitor account activity. It is possible for a customer to request that certain types of transactions are blocked. Indeed, I note that Mrs A has said that she did directly self-exclude with gambling companies for periods. I don't know how successful or not this provide. However, I've not seen anything to indicate that Mrs A requested a gambling block on her current account prior to her complaint.

Even then where a customer does request a gambling block, the institution's algorithms will seek to identify certain transactions and prevent them from being authorised and processed. These blocks rely on the institution's algorithm identifying certain Merchant Categorisation Codes ("MCCs") and preventing transactions associated with the relevant code. This is important because from what I've been able to see Mrs A was making transfers to and from both of her Santander accounts. Furthermore, a significant proportion of these transactions were made to accounts with other financial institutions.

I know that Mrs A has said that the transfers to other institutions were made to enable her to gamble. And she has even provided statements to show this is the case. But while she's done this now, I don't think that Santander could reasonably have been expected to know that Mrs A was using the funds that she was transferring elsewhere in order to gamble. These transfers weren't made via debit card and so weren't transactions that would have had gambling MCCs attached to them.

Equally, while it is fair to say that there were some gambling transactions being made from Mrs A's account, I don't think that this is sufficient for me to be able to say that Santander ought to have been concerned about Mrs A's overall financial management. I say this because of the sheer amount of funds that were being credited to and that were going through Mrs A's Santander account. Indeed, Mrs A actually had a credit balance on her account most of the time that she made direct transactions to gambling companies from her Santander account.

Furthermore, even if Santander had proactively offered Mrs A a gambling block it is incredibly difficult for me to reach the conclusion that would have made a difference to her financial position. In the first instance, any offer may have been rejected by Mrs A. In any event and more importantly, I have to consider that Mrs A made account transfers that masked the true extent of her gambling.

Mrs A actions in doing this show what she is more likely than not to have done had Santander attempted to block direct transactions to gambling merchants. It would have been incredibly difficult for Santander to legitimately block transfers that Mrs A to other accounts she held with other financial institutions.

So while I'm sorry to hear about what has undoubtedly been an extremely difficult period of time for Mrs A, her masking of a significant proportion of her gambling transactions together with the sheer amount of funds going into her account, lead me to think that it wasn't unreasonable for Santander to provide her with her overdraft, increase its limit, or allow her to continue using the facility. This is notwithstanding how Mrs A was using her account. As this is the case, I've not been persuaded to uphold Mrs A's complaint about her overdraft.

In reaching my conclusions, I've also considered whether the lending relationships between Santander and Mrs A might have been unfair to Mrs A under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've already explained, I'm satisfied that Santander did not irresponsibly lend to Mrs A or otherwise treat her unfairly when providing her with her loans, credit card or her overdraft. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having considered everything, I'm satisfied that Santander didn't treat Mrs A unfairly or unreasonably either when providing her with her loans, credit card or overdraft to her. And I'm therefore not upholding Mrs A's complaint. I appreciate this is likely to be very disappointing for Mrs A – especially given the position she's now in and just how strongly she feels about this case. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

Although I'm not upholding Mrs A's complaint, I would remind Santander of its continuing obligation to exercise forbearance and due consideration on Mrs A's credit card and overdraft balances. This is especially given what Mrs A has said about her financial position and what this means for her ability to make payments to the balances on these facilities.

I would also encourage Mrs A to get in contact with and co-operate with any steps that may be needed to review what she might, if anything, be able to repay going forward. Mrs A may be able to complain to us – subject to any jurisdiction concerns – should she be unhappy with Santander's actions in relation to exercising forbearance over the remainder of the term.

My final decision

For the reasons I've explained, I'm not upholding Mrs A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 16 April 2026.

Jeshen Narayanan
Ombudsman