

complaint

Miss S complains that Santander UK Plc lent her money irresponsibly when it raised her credit card limit. She's been supported in this complaint by her mother.

background

Miss S said that Santander increased the credit limit on her credit card account by £2,000 at the start of November 2017. It did that even though she'd greatly increased her available credit with other lenders in July, and the pattern of her spending on her Santander credit card and current accounts had changed over the last quarter. Most of her spending had been to gambling sites. And at the same time that Santander had increased her lending, she was refused credit elsewhere. Miss S said that this was clearly irresponsible lending. She wanted Santander to write off £2,000 of her debt, which was the amount of this recent increase, and to refund any interest she'd been charged on that £2,000. She also wanted Santander to reduce her credit limit back to its previous level.

Santander said that Miss S had accepted the credit limit increase. It didn't think it had done anything wrong by offering this to her.

Our investigator didn't uphold this complaint. She said that Miss S's current account and credit card were generally well managed, and stayed within the agreed limits. Miss S paid on time, and generally paid more than the minimum payment. Her spending patterns changed in September 2017, and she went over her credit limit in October 2017, but she quickly brought her balance back under her credit limit. Our investigator said that she didn't think that Santander had acted unreasonably or irresponsibly in raising Miss S's credit limit. She was pleased to see that Santander had offered to discuss Miss S's situation and alternative payment arrangements with her. The bank has also said it can put restrictions on her account to stop gambling or cash transactions if she wants, to help support her in her recovery. Our investigator didn't think Santander had to do more than it had offered to do.

Miss S's mother replied on her behalf, to say she didn't agree. She thought that Santander had information about Miss S that meant that it was irresponsible to raise her credit limit. Miss S said that Santander had responded to her call about a charge for exceeding her credit limit by offering her more credit. She firmly believed that this offer shouldn't have been made.

Because Miss S didn't agree with our investigator, the case was passed to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've reached the same conclusion as our investigator, and for broadly the same reasons.

Santander told us that it had selected Miss S for an offer of an increased credit limit on 18 September. I'd usually expect a decision to offer to increase a credit card limit to be made a while in advance, so I accept what Santander says about this. At the time Santander made this decision, it said that it had no data to suggest that the increase was a risk. I don't think that this means Santander could just ignore anything that happened on Miss S's account after this, including at the time the lending was actually taken up. But Miss S said that she

thought Santander offered her a credit card limit increase in response to her going over her credit limit. I thought that Miss S would like to know that Santander didn't do that. It had already decided she could have an increased limit well before the one occasion when Miss S exceeded her existing limit.

When Santander increases the credit limit on a credit card account, it has to consider whether the customer can repay the money in a sustainable manner. I know that Miss S had changed what she was spending her money on, and she had borrowed more, before this credit limit increase actually took effect. But she was still managing her accounts reasonably well when the limit was raised. She had exceeded her credit limit on her card once, and by a relatively modest amount. Her current accounts were kept in credit. So I think that when Santander agreed to lend Miss S more money, that it was still reasonable for Santander to conclude that Miss S could pay that money back, without getting into trouble.

I realise that Miss S had started to spend money on gambling transactions in the last couple of months, before the credit limit was increased. But I've explained that I don't think it was clear then that Miss S wouldn't be able to pay the money back. And I don't think that Santander should've refused to lend to Miss S just because she had started to spend money on gambling transactions.

I know Miss S will be disappointed, but I don't think this complaint should be upheld.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 7 March 2018.

Esther Absalom-Gough
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