

complaint

Mr R complains Santander UK Plc acted irresponsibly when it allowed him to take two loans and allowed him steadily to increase his overdraft when he already had several pay day loans, a gambling addiction and other debts.

background

Mr R had a gambling addiction and during this time, he also had to repay other short term debts. He understands what he did may be looked on as irresponsible but he says Santander shouldn't then have allowed him to take out a loan for £2,000 in 2011 and another later loan for £10,000. And it shouldn't have allowed him to increase his overdraft so steadily over the last six years whether they were agreed extensions or not. He says he told Santander he was facing difficulties but only because he was paying charges on the overdraft.

He says it might have looked as though he had a good credit record but that was only because he paid off debts by using quick short term loans and also had some gambling wins. He says Santander would've seen this and refused to lend him money if it had simply looked at his accounts to see where the money was going.

Santander said Mr R's applications were made online so they wouldn't have checked his statements or asked for proof of his income and expenses. Instead, it accepted the figures he entered on the application and he passed its internal credit scoring system. So it says affordability was determined on Mr R's figures.

It also said he had a good credit record in that there were no missed payments before the increases were made. And any missed payments after that were quickly corrected. Records also showed he rarely exceeded his overdraft limit before the loan applications and before the overdraft was increased. So it said it didn't do anything wrong.

Mr R complained to this Service. Our adjudicator didn't uphold his complaint because he didn't think Santander had lent him money irresponsibly and hadn't irresponsibly increased his overdraft. Mr R disagreed with the adjudicator's view and asked for the matter to be looked at again.

Mr R added the following points:

- he had another complaint upheld due to irresponsible lending and wants to know why our adjudicator didn't uphold this one;
- Santander's terms say it will carry out a regular review on how an overdraft is used;
- he said there are other cases for other people which had been upheld for irresponsible lending in the same circumstances.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done that, I've come to the same conclusions as our adjudicator for much the same reasons. So I've decided not to uphold Mr R's complaint. I know this will be a disappointing result for him, so I'll explain why.

Firstly, I'm sorry to hear about the difficulties Mr R faced. I can appreciate it was a very stressful time for him. But this Service is an informal dispute resolution service. So I need to look at whether Santander did anything wrong. And if it did, what it needs to do to put things right.

I'm sympathetic to Mr R's point of view that Santander was irresponsible to lend him money that he used mainly for gambling. But prior to making each loan application, Mr R's credit file showed he'd repaid his other debts, he had no arrears and if he missed payments, they were corrected quickly. Our adjudicator also explained the statements showed he rarely went over the overdraft limit before the limit was raised or before he applied for each loan.

Santander explained that as he made online applications, its lending process wouldn't have looked at his statements. Instead, it accepted Mr R's income and expenses figures which he gave at the time of the loan applications so it didn't have to ask him for proof of his earnings or expenses.

Mr R also passed Santander's internal credit scoring system so I think Santander has shown it looked at Mr R's financial situation to consider what he could afford before advancing credit.

Taking everything into account I can't say Santander did anything wrong here. I'm satisfied the bank considered Mr R had enough income to make the repayments. I think a review of Mr R's accounts show the lending was affordable at the time it was provided and I see no evidence that it didn't review his situation each time he applied for more credit. I know this will disappoint Mr R but it follows I can't reasonably conclude Santander acted irresponsibly. And I don't consider it fair or reasonable for me to require Santander to write off his debts. If Mr R is still struggling financially and hasn't done so already, I strongly suggest he approaches some of the free debt advice agencies for further help.

I realise there are other cases which Mr R has looked at which have different decisions. But we look at each case on its own merits.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 19 July 2017.

Amrit Mangra
ombudsman