

### **complaint**

Mr G complains that Santander UK Plc ('Santander') has carried out irresponsible lending.

### **our initial conclusions**

The adjudicator did not recommend that the complaint be upheld. In her view Santander processed the remortgage application in good faith and, based on the property valuation and Mr G's declared financial position. It was approved by its underwriters. It was not responsible for Mr G's solicitors sending the additional funds to his brokers.

### **my final decision**

To decide what is fair and reasonable in this complaint, I have considered everything that Mr G and Santander have provided.

For the same reasons as provided by the adjudicator – though I am sympathetic to Mr G's financial predicament and ill health - I do not uphold this complaint.

I do not consider that Santander has made irresponsible lending to Mr G.

Santander carried out its standard underwriting process to assess Mr G's remortgage application. It relied on the submission put forward by Mr G's broker, obtained an independent valuation of the property, assessed Mr G's ability to afford the mortgage (taking into account his accountant's certificate as to his annual income) and made its remortgage offer. There was no evidence to alert it to possible fraud until Mr G alerted it in September 2010. Nor was it made aware till then that part of the funds were passed on to Mr G's brokers by his solicitors.

If Mr G was aware that his income was falsified by his accountants and/or he did not wish to borrow as much as he did, he was obliged to inform Santander before deciding to take up the remortgage. He signed the declaration as to his financial position, the estimated value of his property and the funds he wished to borrow.

**Under the rules of the Financial Ombudsman Service, I am required to ask Mr G either to accept or reject my decision before 30 August 2013.**

*Charles Sweet*

*ombudsman at the Financial Ombudsman Service*

The ombudsman may complete this section where appropriate – adding comments or further explanations of particular relevance to the case.

#### **ombudsman notes**

1. In October 2008 Mr G - through brokers - obtained an interest-only remortgage from Santander (then known as Abbey) over 8 years. It was split into two parts, interest-only and investment-linked.
2. In September 2010 he notified Santander of potential fraud over the mortgage.
3. He ceased making monthly repayments from October 2010.
4. Due to the arrears on the mortgage Santander took possession proceedings, and is pursuing Mr G for the ongoing arrears.
5. The broker is no longer trading.
6. The alleged fraud has been investigated by the police and a criminal trial against the broker – who was allegedly running a Ponzi scheme - was listed for June 2013.
7. It appears that Mr G is part of a group pursuing civil proceedings against the solicitors in respect of the fraud.

#### **what is a final decision?**

- A final decision by an ombudsman is our last word on a complaint. We send the final decision at the same time to both sides – the consumer and the financial business.
- Our complaints process involves various stages. It gives both parties to the complaint the opportunity to tell us their side of the story, provide further information, and disagree with our earlier findings – before the ombudsman reviews the case and makes a final decision.
- A final decision is the end of our complaints process. This means the ombudsman will not be able to deal with any further correspondence about the merits of the complaint.

#### **what happens next?**

- A final decision only becomes legally binding on the financial business if the consumer accepts it. To do this, the consumer should sign and date the acceptance card we send with the final decision – and return it to us before the date set out in the decision.
- If the consumer accepts a final decision before the date set out in the decision we will tell the financial business – it will then have to comply promptly with any instructions set out by the ombudsman in the decision.
- If the consumer does not accept a final decision before the date set out in the decision, neither side will be legally bound by it.