

complaint

Mr G complains that Santander UK Plc lent to him irresponsibly, because it gave him an overdraft facility without carrying out proper checks when he had a gambling addiction. He also complains about the bank's handling of the complaint and the interest and charges that were added to the account while the complaint was ongoing.

Mr G's wife – who I shall refer to as Mrs G – brings the complaint on his behalf.

background

Mr G opened a current account with the bank in early 2012. Mrs G says he made it clear that he did not want an overdraft facility or a cheque book. She also says she and her husband were assured that no overdraft would be granted, because there was no regular income going into the account and the bank would carry out a credit check before lending.

Around two months later, Mr G visited a branch of the bank and asked for an overdraft facility. The bank agreed to an overdraft of £500. Mr G spent the money, but did not exceed the £500 limit.

Mrs G says she found out what had happened some three months later, after her husband tried to commit suicide. She complained to the bank, and explained that Mr G had a gambling addiction. She considered the bank should not have lent to him. Mrs G says the bank would not deal with her, even after she gave it a letter of authority signed by her husband. She visited, phoned, and wrote to the bank a number of times.

The bank sent Mrs G two cheques for £10 each as a gesture of goodwill. But it said it had not lent irresponsibly to Mr G, and it had checked his credit rating before lending, as well as its "*behavioural scoring system*".

Mr and Mrs G complained to this service. Our adjudicator was not persuaded that the bank had acted irresponsibly in lending to Mr G. He also concluded that Mr G had not suffered any distress and inconvenience as a result of the bank's handling of the complaint, so he did not consider it appropriate to award any compensation. But he found that the bank had told Mrs G it would suspend interest and charges while the complaint was dealt with and it had not done so. He recommended that the bank refund the relevant charges and suspend further charges until the complaint is settled.

The bank accepted that conclusion. It also wrote to Mrs G directly in response to her further correspondence with it, apologising for the poor service she had received and the wrong information she had been given. It sent her a cheque for £60. Mr and Mrs G were not prepared to accept that, or the adjudicator's conclusions, so the matter was passed to me for determination.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Lenders should generally take extra care when lending to a customer they know suffers from mental health problems. But I find nothing to indicate that the bank knew – or should

reasonably have known – about Mr G's gambling addiction when it decided to grant the overdraft facility.

I see no reason not to accept that Mr and Mrs G were told when the account was opened that no overdraft would be given without appropriate checks being carried out. However, the bank says it carried out a credit check when the account was opened, and looked at the conduct of Mr G's account when he asked it for an overdraft.

If that is indeed what the bank did, I do not consider that was unreasonable in the circumstances – given the short period between the account being opened and the overdraft being requested. However, the bank has provided little to demonstrate that it carried out the checks it says it did. So it may be that it did not properly assess affordability here. But it does not follow that the debt should be written off.

The bank knew that Mr G was employed, and I see no reason why it might reasonably have suspected from the way he had been using the account when he asked for the overdraft that he was a compulsive gambler. It does not appear that Mr or Mrs G had told the bank about this, and I see no particular reason why the bank should have decided not to lend. It is not uncommon for people to have more than one current account, and I do not think I can fairly conclude that the bank should not have lent simply because Mr G's salary was not being paid into his account with it.

I am required to reach my decision on the basis of what I consider to be fair and reasonable in all the circumstances. In these particular circumstances, I do not think I can reasonably say that the bank should have declined Mr G's request for an overdraft. I do not find that the bank's decision to lend to Mr G was irresponsible, such that I might fairly require it to write off the debt.

That, however, is not the end of the matter. I agree with Mrs G that the bank dealt with her and with this overall complaint poorly. The bank has now accepted that. It said in its recent letter to Mrs G that: *"It is clear that you have suffered both inconvenience and frustration in pursuing this matter"*, and it has apologised. It sent Mrs G a cheque for £60. It has also refunded the charges it made to the account since late September 2012, when it said it would stop making charges until the complaint is settled.

I find that Mrs G made her worry and frustration clear when she contacted the bank, but the bank would not deal with her despite knowing about her husband's situation and having received his authority for her to deal with the matter. It also failed to suspend interest and charges on the account as it said it would.

This was already a difficult time for Mr and Mrs G, and I consider the bank's handling of the whole matter caused a good deal of additional and unnecessary distress and inconvenience to both of them. I do not consider the £60 the bank has offered goes far enough in recognition of that.

While such awards are never a matter of exact science – and while I recognise it is likely to be less than Mr and Mrs G believe they should receive and more than the bank thinks it should pay – I assess a fair award at £150, on top of the £80 the bank has already sent to Mrs G.

I can, however, only require the bank to make a payment to Mr G as the eligible complainant in this case. I realise that that might present difficulties – so, if Mr and Mrs G accept my

decision, the bank should contact them to discuss the most appropriate way to make the payment.

Finally, I would remind the bank of its obligation to treat Mr G fairly if he is in financial difficulty.

my final decision

My final decision is that Santander UK plc should pay Mr G £150 compensation in full and final settlement of this overall complaint. For the avoidance of doubt, the payment should not be made in reduction of the outstanding debt without Mr G's agreement.

Janet Millington
ombudsman