

The complaint

Mrs P complains that Santander UK Plc was irresponsible to provide her with a credit card and to subsequently increase the credit limit on it.

What happened

In January 2013, Mrs P was provided with a credit card by Santander with an initial credit limit of £1,000. Over the years, Mrs P's credit limit has varied as follows:

Date	Limit applied
January 2013	£1,000
September 2015	£1,500
December 2016	£2,000
February 2019	£3,500
May 2022	£2,000

Mrs P says Santander didn't complete the relevant checks at the outset and it was irresponsible of it to provide her with the card and the subsequent credit limit increases. She complained to Santander on 4 May 2023.

Santander looked into her complaint and rejected it. It said it had carried out its usual checks including checking Mrs P's credit report, banking history and income and expenditure to ensure the card and subsequent limit increases were affordable for her.

Mrs P was unhappy with Santander's response and referred her complaint to us. One of our investigators looked into it. He felt the opening of the account and subsequent increases in the limit were reasonable, and that charges and interest had been applied in accordance with the terms and conditions of the account. Our investigator didn't uphold the complaint.

Santander accepted what our investigator said but Mrs P didn't. As there was no agreement, the complaint has been passed to me for a final decision.

What I've decided – and why

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

We've set out our approach to complaints about irresponsible and unaffordable lending on our website – including the key relevant rules, guidance, good industry practice and law. I've considered this approach when deciding this complaint.

Santander needed to carry out reasonable and proportionate checks to ensure that it didn't lend to Mrs P irresponsibly. I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- Did Santander carry out reasonable and proportionate checks to satisfy itself that Mrs P was in a position to sustainably repay the credit? Did Santander make fair

lending decisions?

- Did Santander act unfairly or unreasonably towards Mrs P in some other way?

There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the possible monthly repayments and the overall circumstances of the borrower.

Did Santander carry out reasonable and proportionate checks to satisfy itself that Mrs P was in a position to sustainably repay the credit? Did Santander make fair lending decisions?

When it assessed Mrs P's application for the credit card, Santander checked her credit file, income and expenditure details as well as its own records to reach a decision whether or not to lend to her. It said it had also taken into account what it knew about Mrs P from its own records which, in my experience, will have included a review of her account performance with it.

Banks aren't generally required to retain records indefinitely and usually only do so for around six years. Santander has confirmed it doesn't have full information for the checks it carried out when it opened the account due to the time elapsed. We can't therefore know precisely what it saw at that time.

Santander has however provided some information and consented to us looking into the whole of the complaint. It says at the time of the initial application, Mrs P declared an income of £10,000 per year and had a 'low level' of indebtedness. Its checks of credit reference agency data showed no county court judgments or bankruptcies, and her application passed the internal scoring system.

Mrs P has said when she applied for the credit card, she was a student and working part time. Based on what we know, I don't think it was unreasonable for Santander to agree the account with a relatively small limit of £1,000.

Again, due to the time elapsed, we have limited information on the two credit limit increases taking the limit up to £2,000 by December 2016. The increases were automated and based on the performance of the account as well as information from the credit reference agencies. Payments were made on time and there didn't appear to be any signs of pressure on the limit prior to the increases to £1,500 or £2,000. Based on the limited information available, I don't think these increases were unreasonable.

We have more information about the limit increase to £3,500 in February 2019, including a credit report provided by Mrs P. While the credit report is dated July 2023 so doesn't contain everything that would have appeared at the time, it shows data going back to 2017 so contains some useful information. The report shows Mrs P had other creditors at the time of the February 2019 increase. All those creditors were up to date and comfortably within limits.

Mrs P had managed her credit card well and passed Santander's automated checks. Given what I've seen from the credit report and account performance, I don't think Santander reached an unfair decision to lend to Mrs P.

In May 2022, Santander took the decision to reduce the limit back to £2,000. Mrs P has been able to manage the account within that limit. By that time, the account had been comfortably under the previous limit of £3,500 for some time. Mrs P made a lump sum payment in April 2022 reducing the balance significantly. So it seems to have been a sensible decision for Santander to reduce the limit and therefore Mrs P's potential exposure.

Did Santander act unfairly or unreasonably towards Mrs P in some other way?

I've carefully read and thought about all the evidence provided by each party to this complaint. Having done so, I don't think Santander has acted unfairly or unreasonably towards Mrs P in some other way.

I appreciate my decision will come as a disappointment to Mrs P. If she now finds herself in financial difficulties and unable to repay the credit, I'd encourage her to speak with Santander to agree an affordable repayment plan. I'd also remind Santander of its obligation to treat customers in financial difficulty fairly.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 24 January 2024.

Richard Hale
Ombudsman