

The complaint

Mrs R is unhappy with the fact that Santander Consumer (UK) plc ("Santander") declined her application for car finance and their reasons for doing so.

What happened

The case has been brought to our service by a representative on behalf of Mrs R, but for simplicity I will always refer to evidence and comment being provided by Mrs R.

Mrs R applied for finance from Santander to acquire a new car. They declined her application, and she complained about this, saying she had checked with Santander customer services who confirmed that her previous finance agreement with them hadn't had any late payments, she had always made a payment within the payment cycle, so on time.

Santander issued their final response letter (FRL) in September 2022 and did not uphold her complaint. They said they'd listened to the call in question and agreed customer services had told her this. They went on to explain that they discussed this with both the business development manager who liaised with the dealership about finance agreements, and also contacted their underwriting department to review the lending decision.

The underwriting department confirmed that the decline for finance would still stand, as they were not happy that the lending was affordable to Mrs R based on the application and their credit searches more generally, in particular with regards to the business which Mrs R was a director of.

Santander also confirmed that Mrs R could contact the underwriting department to discuss the application further if she wished, but that as a responsible lender, they take into account a variety of things when satisfying themselves that a lending decision is fair and affordable.

They confirmed that they weren't upholding the complaint, because the application was declined based on their general assessment of Mrs R's finances, not because any of the payments on the previous application were showing as being made late.

Mrs R didn't agree with this and brought her complaint to our service in March 2023. An investigator here looked into it and did not uphold her complaint. They said that there was little supporting evidence from either side, but it was more likely that Santander had made a decision based on her overall affordability for the loan, not based on any late payments from the previous agreement.

The investigator also highlighted that it's not the role of our service to comment on or try to influence a business's lending processes or policy, or to comment on the firm's risk appetite. We would expect a lender to carry out adequate affordability assessments on every case, and any concerns about the lending criteria a firm applies would be dealt with by the Financial Conduct Authority (FCA), not ourselves.

Mrs R disagreed with this view and asked an Ombudsman to make a final decision. She's told us that she has evidence in an email showing that it was the alleged late payments

which caused the decline, and this isn't fair as the finance she ended up taking cost her more than it would have with Santander.

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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time.

I have little to add to what the investigator here has already told Mrs R. Because no application was taken forward, we have limited evidence of the specifics in this case. But fundamentally, a lender is entitled to decline an application based on their own lending criteria. We have no power to instruct a lender that they should lend to any particular consumer, or at any particular interest rate.

The criteria they set in order to decide on whether to lend are for the business to decide upon, and for the FCA to monitor. So, I won't be discussing these further, as they not part of our remit to investigate.

If I look at the specifics of this case, Mrs R has told us she has a screenshot of an email which shows that they declined the application because of late payments on her previous agreement. We've asked for a copy of this three times, over a period of many weeks, but have not been provided with this evidence.

So, I've gone on to consider whether this evidence might change my mind in this case. Having thought about this, I can confirm it wouldn't change my mind. Mrs R has said that the email was between the lender and the supplying car dealership and was inconsistent with what she was told by Santander in their FRL. This would likely have been an email between the business development manager at Santander and the dealership, as this person is responsible for the relationship with that dealership.

If the email contained a different version of events, I've thought about how this would affect my decision, and the answer is that it wouldn't. In their FRL, Santander have explained the process they went through in underwriting the application, and also what they discussed with underwriters when investigating this complaint.

Even if there had at some point been consideration to decline the application due to late payments, when the underwriters looked at it, they confirmed that they had declined the application because they didn't feel it was affordable to Mrs R. They said the payments for this agreement were considerably higher than her previous agreement, and as such, with the information they held from her application and their checks, they didn't feel it was affordable. Santander are entitled to make this decision, and they also offered Mrs R the opportunity to discuss the application with their underwriters, so she could correct any concerns they had if there were mistakes.

There is no evidence that the application was declined due to late payments on the previous agreement. But even if there was a mistake and the application had been declined for this reason, as soon as it had been revisited, the application would still have been declined,

because the underwriters were not satisfied it was affordable. As such, Mrs R cannot have suffered any detriment here, because even if there had been a wrong initial decision, once corrected, or indeed if that “mistake” hadn’t happened at all, the lending decision would have remained exactly the same.

I am satisfied that Santander declined the application based on overall affordability, not based on late payments on a previous agreement. But even if they had made a mistake and included late payments as a reason to decline it, I’m satisfied this has had no impact on Mrs R, because they would have declined the application due to overall affordability anyway.

Alongside this, I’ve seen no evidence that they may have declined the application due to the late payments. I am satisfied that Santander don’t need to do any more here.

My final decision

I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs R to accept or reject my decision before 1 September 2023.

Paul Cronin
Ombudsman