

The complaint

Mrs V complains that Santander UK Plc (“Santander”) provided her with credit she couldn’t afford to repay.

What happened

Santander approved a loan of £7,500 for Mrs V in October 2018. The loan was to be repaid at £167.57 per month over a 60 month period.

Mrs V says that Santander were wrong to provide credit as it wasn’t affordable for her.

Santander didn’t agree. They say that they completed reasonable and proportionate checks to ensure the credit was affordable for Mrs V. They did a credit check and considered affordability using a combination of data supplied by Mrs V and that sourced from the Office for National Statistics (ONS) and the Credit Reference Agencies. They noted that Mrs V had explained the purpose of the loan was to consolidate other debts and that her income was supplemented by child benefit payments. Overall, they thought the evidence they had reviewed at the time suggested the loan was affordable for Mrs V.

Our investigator agreed with Santander but as Mrs V didn’t the complaint has been referred to me, an ombudsman, 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.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I’ve had this approach in mind when considering what’s fair and reasonable here.

I don’t think I have sufficient information to suggest that Santander did complete proportionate and reasonable checks before they approved this loan. They’ve explained that the application was referred to their underwriting team and it seems likely that a credit file was considered, but Santander haven’t provided a copy of that file or much information on the outgoings they considered Mrs V had at the time of her application.

So, I’ve thought about what Santander would have been likely to find if they had completed reasonable checks. And I think the best way I have to consider that is to review Mrs V’s bank statements and to consider her testimony. Mrs V has explained that she used the loan to pay off two significant loan accounts and to reduce the balance on debts with two other creditors. Looking at her statements that would have reduced her outgoings by significantly more than the amount she was due to pay on her new loan with Santander. I don’t, therefore, think the loan was unaffordable for her.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs V to accept or reject my decision before 14 May 2024.

Phillip McMahon
Ombudsman