

## **The complaint**

Mr J says Santander UK Plc's been unclear about the annual percentage rate of interest (APR) applying to his loan. He says this meant his loan went ahead with a much more expensive APR of 21.9% instead of the 7.9% he thought he'd be getting.

## **What happened**

Mr J applied for the loan online on 31 August 2023. Santander carried out checks and eventually informed him his loan had been agreed. It wasn't until afterwards, when he received the loan agreement papers, that he said he realised the APR was much higher than he thought.

When Mr J raised this with Santander he felt it was unhelpful and dismissive towards him. He eventually brought his complaint to this service.

One of our investigators looked into Mr J's complaint but didn't recommend that it should be upheld. They believed the APR that would apply to Mr J's loan was made clear during the sales process and that he'd gone ahead with it on that basis. The investigator felt it was reasonable for Santander to have given Mr J the options it did over the phone when he raised the issue.

Mr J disagreed with the investigator's findings, saying Santander had mis-led him regarding the APR and loan terms. This had caused financial detriment and had significantly affected his mental health and wellbeing. The complaint was passed to me to review afresh.

## **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 don't uphold this complaint. I'll explain why.

I'm sorry to see that Mr J feels he was mis-led into taking out the loan on the terms that he did and to hear of the impact this had on his financial situation and health. I've no doubt this has been a difficult time for him. But I can only ask Santander to put things right for him if I'm satisfied, on balance, that it did something wrong in the first place to cause those losses.

With that in mind, I've considered what information Mr J was provided with before finalising the loan. Santander's submitted evidence showing what Mr J would have seen when applying for the loan online. I'm persuaded he'd have been shown what's known as a 'representative' APR. In other words, that's an indication of what rate some – but not all – customers could potentially secure. I gather Santander's website explained this was for illustrative purposes only and that personal circumstances and the loan amount may mean a different rate will be offered. Santander set out that the maximum APR it could offer was 26.9%.

Santander's records show it was a week until its checks were completed. That's when

Santander emailed Mr J to confirm his loan application had been accepted and that he'd have 28 days in which to accept its offer. He'd be able to do so by following a link included in a separate email and signing the loan agreement online.

I've carefully reviewed a copy of Mr J's regulated agreement. It set out the terms of the loan including the amount and duration of the loan, the monthly repayment and total amount payable. It also confirmed, in bold type, that the APR was 21.9%. The agreement was electronically signed by Mr J on 6 September 2023 to confirm he'd read the agreement and wished to be legally bound by its terms.

Taking all of this account, including what Mr J says about being mis-led, I'm satisfied Santander was clear from the start that the APR he was applying for might vary. And that Santander went on to explain what APR it was prepared to offer Mr J in the circumstances before the end of the sales process. It's unfortunate that the APR was much higher than he thought it was would be, but I'm not persuaded that Santander was at fault for any confusion there may have been.

I recognise that Mr J's unhappy with the advice Santander gave him when he questioned the APR that applied to his loan. I've listened to a recording of a call between Mr J and a representative. While I agree the representative he spoke to could have been more sympathetic in their tone, I don't believe it was wrong or unreasonable for them to advise him as it did. For example, I think it was fair for Santander to point out that Mr J could withdraw (without reason) from the agreement, as stated in the loan agreement he'd signed.

Overall, and while I understand Mr J's frustration, I don't believe he's been mis-led by Santander.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 13 June 2024.

Nimish Patel  
**Ombudsman**