

The complaint

Mr M complains that Santander UK Plc (“Santander”) acted irresponsibly in giving him a credit card with a £2,400 credit limit.

What happened

Santander opened a credit card for Mr M in December 2018 and gave him a credit limit of £2,400. Mr M already had a basic bank account with Santander at the time along with a basic top-up debit card account.

In September 2021, Mr M paid off the outstanding balance and closed the account. In March 2023, Mr M complained to Santander that it had lent to him irresponsibly and sought a reimbursement of the interest and charges he had paid.

In March 2023 Santander issued Mr M with a final response letter (“FRL”). Under cover of this FRL Santander said it didn’t believe it had acted irresponsibly when it allowed him to open a credit card. Unhappy with the response from Santander, Mr M brought his complaint to us. Amongst other things he told us that Santander shouldn’t have approved the credit card as he had a gambling addiction.

Mr M’s complaint was considered by one of our investigators who concluded that it shouldn’t be upheld. In summary she said that in her view she was satisfied that Santander had conducted proportionate checks prior to the lending decision and that there were no signs that the lending was unsustainable or unaffordable. Our investigator said that she hadn’t seen any evidence that Mr M made Santander aware of any gambling issues when he applied for his card.

Mr M didn’t agree with the investigator’s view so his complaint has been passed to me for review and 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.

However, having done so, I can confirm that I’ve come to the same overall conclusions as the investigator and for broadly the same reasons.

It’s clear that Mr M has very strong feelings about this complaint. He has provided detailed submissions in support of his view which I can confirm I’ve read and considered in their entirety. However, I trust Mr M will not take the fact that my findings focus on what I consider to be the central issues, and that they are expressed in considerably less detail, as a discourtesy. The purpose of my decision isn’t to address every point raised. The purpose of my decision is to set out my conclusions and the reasons for reaching them. Our powers allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Secondly, I would add that where the information I've got is incomplete, unclear or contradictory, I've to base my decision on the balance of probabilities.

Santander will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Santander's decision to grant Mr M an account in December 2018

Before granting the credit, Santander was required to complete proportionate affordability checks to ensure the credit was affordable and sustainable. What is considered proportionate will vary depending on the specific circumstances of each case, as there isn't a set list of checks that had to be completed.

Santander said it did a credit check and credit scored the information Mr M had given in his application. And there was nothing to suggest Mr M wouldn't be able to afford a credit limit of £2,400. And having considered what both parties have said and submitted I agree. Therefore I don't consider Santander acted irresponsibly in granting Mr M a credit card with a £2,400 credit limit.

Santander said that Mr M's online application included both his and his partner's income. Mr M disputes this and told us that he didn't have a partner at the time of the application. But evidence provided by Santander would suggest otherwise as it shows Mr M's income to be £2,400 and his partner's to be £1,800. So I'm satisfied that at the time that Mr M made his application, he provided details of both his income and that of his partner's. I accept that Mr M may not have had a partner at the time he made the application, but the online application said that he did. So I think it's reasonable for Santander to accept the information that Mr M provided in good faith, so long as it's backed up by supporting evidence.

And whilst Santander took into consideration the additional income from the online application, even without this, I still think the amount of credit would have been affordable. I say this as our investigator estimated that even after his monthly outgoings, evident from his basic bank account, Mr M would still have sufficient funds left to ensure the credit limit approved was affordable. And from the information I've seen, I think that estimate is correct.

Mr M said that prior to the application in October 2018, his basic top-up debit card account showed he had a gambling addiction. I've looked at this and can see that he made payments of £2,610 to a company that I will call "B" in October 2018. He also received an incoming payment of £752 from B. This was two months before his application and I haven't seen any further evidence of gambling on either of his Santander accounts, and this includes the month prior to the lending decision. So while I'm not disputing that Mr M may have a gambling addiction, I'm not sure an overall loss of £1,858 for one month, would highlight this. And both his accounts at the time appeared to be well managed.

The credit checks wouldn't have raised any concerns and there wasn't anything else that ought to have prompted Santander to have conducted further checks or to have declined Mr M's application for credit. As such, this also means that Santander wouldn't have discovered Mr M's gambling.

There also isn't anything else in what I've seen in the information that Santander collected, to suggest that it ought to have reasonably known that Mr M was gambling. And as Santander wasn't aware of Mr M's gambling, I can't say that in the circumstances of this complaint that Santander did anything wrong.

So, overall, bearing in mind the checks Santander did and what this showed them, I don't think Santander made an unfair or unreasonable lending decision when it provided Mr M with the credit.

I know that Mr M will be disappointed with my decision. But having considered everything that the parties have said and submitted I'm simply not persuaded, in the particular circumstances of this case, that Santander did anything wrong.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 April 2024.

Paul Hamber
Ombudsman