

The complaint

Mr H and Mrs V's complaint about Santander UK Plc (Santander) relates to its decision to decline their application for a residential mortgage.

What happened

Mr H and Mrs V applied for a joint residential mortgage with Santander which was declined. At that time, they had two buy to let (BTL) mortgages with Santander.

Santander say that the application was declined in line with its lending policy and based upon the information it had received. Mr H and Mrs V's mortgage broker appealed the decision and provided further information to support the application and although it was reviewed twice by different underwriters, Santander's decision remained the same.

Mr H and Mrs V were unhappy with Santander's final response and so approached this service to see if we could assist in resolving the dispute. Our investigator thought that Santander hadn't done anything wrong and had dealt with the complaint fairly.

Mr H and Mrs V didn't agree and asked for the complaint to be passed to 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.

My summary of what happened is brief and I know the parties went into a lot more detail. I'm going to focus on what I think are the key issues. Our rules allow me to do this and it reflects the nature of our service as an informal alternative to the courts. So, if there's something I've not mentioned, it isn't because I've ignored it, it's because I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

I've taken account of both sides' views and I've looked at the issues raised and considered all the available evidence. Where evidence is not complete, I think about what is more likely to have happened in the light of the evidence which is available.

Santander say that when the first underwriter looked at the application it was noted that one of Mr H and Mrs V's BTL properties was an address at which they had lived, and when that had been checked it had revealed adverse credit information from the credit reference agencies (CRAs) under their names, at that address, and which hadn't been disclosed in their application. As the amount of the default was outside Santander's lending criteria the application was declined.

After the broker had submitted further evidence regarding the adverse information, a different underwriter reviewed the application, but it was again declined.

The broker submitted further information which included an explanation of the adverse information and court documents in support of that explanation.

Another underwriter carried out a third review but concluded that despite the information supplied by the broker, the adverse information remained under Mr H and Mrs V's names and unless it was removed by the company concerned then the decision to decline the application stood.

I feel I should clarify that any overall concerns about 'business process' would need to be raised with the Financial Conduct Authority (FCA). They take a principles-based approach to conduct regulation, letting businesses choose how they incorporate those principles into the way they deal with customers. It's not our role to recommend how financial businesses should conduct or arrange their commercial operations and processes – that's for them to determine. We don't have the power to make rules for financial businesses, assess or direct that they change their policy or procedures. We only look at what happened in the circumstances of the individual complaint and check they followed their rules and procedures and have applied them fairly.

In this case Santander have, in my view, fairly assessed Mr H and Mrs V's application against its own lending criteria, and came to the view that it was outside that criteria. Whilst every lender has different lending criteria, what is important is that they treat each application fairly, which I believe Santander have here. And I repeat our investigator's view lenders don't have to provide a detailed reasons explaining why an application fails, since those decisions are based on commercially sensitive information which they don't have to disclose.

In this case, Santander reviewed the application twice which demonstrates fairness, and have disclosed that the reason it was declined was because of the adverse information recorded against Mr H and Mrs V's names which Santander had later discovered.

I do understand that Mr H and Mrs V dispute the validity of that information, but nevertheless it remains recorded against their names and as such it is reasonable that Santander take note of it, until such time as it is corrected. My understanding is that it has not been corrected and so it follows that I cannot find fault with Santander in exercising its judgment in declining Mr H and Mrs V's application.

So, although Mr H and Mrs V will probably be disappointed with my decision, I can't say Santander has acted unfairly or unreasonably here and I'm not upholding this complaint.

My final decision

For the reasons set out above I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs V to accept or reject my decision before 18 March 2024.

Jonathan Willis
Ombudsman