

The complaint

Mr H complains Santander Consumer (UK) Plc unfairly declined his application for car finance.

What happened

In early 2024, Mr H applied for a new car finance agreement with Santander. He says that despite being a long-standing customer and maintaining his repayments with them, his application was unfairly declined.

Santander looked into Mr H's complaint and didn't uphold it. It advised Mr H's application was declined due to information received from credit reference agencies on his creditworthiness and current credit commitments.

Our investigator reviewed the complaint and thought Santander hadn't done anything wrong. They said, in summary, Santander is entitled to assess a customer's financial situation and previous agreements with them don't imply a new application would be approved.

Mr H disagreed. He says he has never been a high-risk borrower and his ten-year history with Santander proves this.

As Mr H remained unhappy with the outcome, the case was passed to me to make a decision.

I issued a provisional decision on 22 October 2024 as follows:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Firstly, I would like to explain that we're not the regulator. We can't tell a business to offer lending to a customer or what its lending criteria should be. A business can set their own policies and procedures, this is their commercial decision to make. Our role is to decide whether Santander treated Mr H fairly when following its processes and considering his application.

A lender must undertake reasonable and proportionate checks to ensure the borrower can afford to meet the repayments of the loan in a sustainable way. Santander has shown that in assessing Mr H's application, it took into consideration a range of information including – but not limited to – his employment status and credit reference agency data on how he was managing his other debt. And based on its review of Mr H's circumstances, it decided not to lend to him.

There is no dispute that Mr H's credit file shows he's had other debts with other lenders including a payment arrangement. Whilst I appreciate Mr H has an existing car finance agreement with Santander, and that he says he has maintained his repayments with them, it doesn't mean Santander wouldn't consider how he's managed other debt or his finances against its lending criteria. Ultimately it is for the

lender to decide how it considers applications and the criteria it uses.

Having reviewed the evidence, I'm satisfied Santander didn't act unfairly or unreasonably when declining Mr H's application. It carried out the appropriate checks and made a decision based on its criteria, which it is entitled to do. And it also shared the main reason for the decline with Mr H as required of them.

I note Mr H has referenced recent amendments to his credit file in an email to our investigator. But I don't think it changes the outcome. I say this because a lender would assess the application based on the information available at the time, which is what Santander did.

I appreciate what Mr H has said about his long-standing relationship with Santander, and recognise he feels strongly about this complaint. But I don't think Santander acted unfairly by taking other factors into account when assessing his application. It's unfortunate Santander decided not to lend to him, but I think it has handled his application fairly and reasonably, so I won't be asking it to do anything more.

I invited Mr H and Santander to give me any more evidence and information they wanted me to consider before issuing my final decision.

Santander didn't respond to say whether or not it accepted the provisional decision. Mr H didn't agree with the provisional decision. In summary he said:

- Details of his relatives were recorded on his credit file when Santander made their decision. The incorrect information has been removed and his score has increased by a couple of points.
- He still maintains that Santander's decision was unreasonable and unfair on the basis of his excellent repayment history over the ten years he has been with them.

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.

I note Mr H says his credit score has improved following amendments to his credit file. However, Santander made its lending decision on the information available. It wouldn't have known there was an error with Mr H's credit information so I can't say it acted unfairly by using the data it had. And although Mr H has told us this error has been resolved, Santander would have taken into consideration all his credit information, so I can't say that he would have been accepted if he had applied without the error.

I can understand Mr H's frustration that Santander decided not to lend to him despite his history with them. But Santander is required to lend responsibly, and a long-standing relationship doesn't change that. Neither does a previous lending decision determine the outcome for any future applications. Each application is assessed on its own merits at the time of the application because customers' circumstances can change. From what I've seen, Santander hasn't treated Mr H any differently to other applicants in similar situations, and fairly considered his application in line with its lending criteria.

Having reconsidered everything, I haven't seen anything to suggest Santander treated Mr H unfairly or unreasonably during the application process. Therefore, I see no reason to depart from my provisional decision.

My final decision

For the reasons set out above, I don't uphold Mr H's complaint against Santander Consumer (UK) Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 19 December 2024.

Tania Henry
Ombudsman