

The complaint

Miss C complains that Nationwide Building Society lent irresponsibly when it approved her credit card and went on to increase the credit limit. Miss C also complains about Nationwide's actions when she experienced financial difficulties.

What happened

In July 2013 Miss C was approved for a credit card with Nationwide. Between November 2013 and May 2015 Miss C applied to increase the credit limit four times, with a final limit of £4,700 agreed by Nationwide.

In May 2016 Miss C told Nationwide she was experiencing financial difficulties and arranged to discuss her options with a third party debt advice service. Nationwide later agreed a debt management plan via the third party.

In August 2019 Miss C complained to Nationwide about its decision to lend and the assistance it had given when she was going through financial difficulties. Nationwide responded on 23 August 2019 but didn't uphold Miss C's complaint. Nationwide said it had considered a range of information provided by Miss C and obtained from the credit reference agencies before deciding to approve her credit card and, later, increase the credit limit. Nationwide didn't uphold Miss C's complaint and she referred it to this service. An investigator looked at Miss C's complaint but didn't agree Nationwide had lent irresponsibly and thought it had provided positive and sympathetic support when she reported financial difficulties.

Miss C asked to appeal so her complaint has been passed to me to make a 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.

Miss C has complained about Nationwide's decision to lend and increase her credit limit as well as the way it treated her when she experienced financial difficulties. I'll look at each issue in turn.

Before a business agrees to lend I would expect that it completed proportionate checks to ensure the consumer can afford to maintain it. We can't tell a business what checks it should complete, that's up to each lender to decide. But businesses will consider information provided by the applicant along with information from their credit file. In this case, Nationwide has told us Miss C completed an application and provided information about where she lived and how much she earned. Nationwide also completed a credit check that found Miss C had around £100 of other unsecured debts and no adverse credit.

Nationwide said its systems approved Miss C's application and gave a £1,500 credit limit. I understand Miss C's point that she was around 18 at this time, but I wouldn't expect Nationwide to have treated her differently or taken the step of declining her application

because of her age. From the evidence available, I'm satisfied Nationwide completed proportionate checks and its decision to approve Miss C's credit card application was reasonable.

Miss C applied to increase her credit limit four times between November 2013 and May 2015, with a final limit of £4,700. Nationwide didn't offer to increase the credit limit and each time Miss C applied online. Nationwide has provided evidence to show that each time it increased Miss C's credit limit it looked at her credit file and the way her account had been managed. Nationwide approved the credit limit increases and I'm satisfied its decision to do so was reasonable based on what it knew about Miss C. I understand Miss C was subsequently unable to maintain her monthly payments, but the information I've seen shows that wasn't apparent to Nationwide when she applied for the credit limit increases.

I'm sorry to disappoint Miss C but I haven't found that Nationwide lent irresponsibly when it approved her credit card and went on to increase her credit limit.

Miss C says Nationwide didn't treat her fairly when she told it about the financial difficulties she experienced in 2016. Nationwide's notes show it completed an income and expenditure assessment with Miss C in March 2016 but found that she didn't have enough income to cover her unsecured debts along with her regular outgoings. As a result, Nationwide agreed to put a hold on Miss C's account for 30 days so she could deal with a third party to arrange a debt management plan. Since that time, Nationwide has dealt with the third party and agreed debt management plans and the outstanding balance has reduced.

I'm sorry to disappoint Miss C but I'm satisfied Nationwide did treat her positively and sympathetically when she reported financial difficulties.

I've considered everything Miss C and Nationwide have said in reaching my decision. Having done so, I haven't been persuaded that Nationwide lent irresponsibly or that it treated Miss C unfairly when she wasn't able to maintain the monthly payment. As I'm satisfied Nationwide has dealt with Miss C's complaint fairly, I'm not telling it to take any further action.

My final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 10 July 2020.

Marco Manente
Ombudsman