

The complaint

Mr W complains that Nationwide Building Society irresponsibly lent money to him.

What happened

Mr W says he applied for and was given a Nationwide loan for over £24,000 in 2017. He says that lending was irresponsible and the loan unaffordable due to his gambling problem. Mr W says appropriate checks couldn't have been carried out and he had other lending at the time. He would like the loan refunded and says Nationwide's actions have caused health issues. He also says he entered into an Individual Voluntary Arrangement (IVA) in 2018.

Nationwide says it carried out appropriate and reasonable checks on Mr W's online application. It says he had an income of £2,000 a month and very limited outgoings. And Mr W had previous loans that were repaid. Nationwide says it doesn't look at account statements and can't say if a transaction is a gambling transaction. It says gambling is not illegal and that Mr W missed a loan repayment some 18 months after the loan was taken out which suggests at the time it was affordable.

Mr W brought his complaint to us and our investigator didn't uphold it. The investigator thought the loan application had been correctly assessed and Mr W didn't have any adverse information on his credit file at the time. He also thought Mr W had repaid previous borrowing and that he hadn't told Nationwide about any gambling issues.

Mr W doesn't accept that view and in summary says he didn't need a loan at the time as he didn't have any debts to consolidate. He says Nationwide should have checked his account statements and would have seen how much he spent on gambling.

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 have come to the overall view that I don't uphold this complaint. I appreciate how strongly Mr W feels about this complaint and that he will be disappointed by my decision.

I make clear to Mr W that we are not Nationwide's regulator. So, it's not our role to tell it or any other lender how it deals with the issue of gambling. Mr W knows that gambling is a legal activity.

Lenders should carry out reasonable and proportionate checks on any loan application. I have looked carefully at Nationwide's records and I'm satisfied it did carry out such checks. I'm satisfied Nationwide checked Mr W's income and that he didn't have any significant outgoings or any adverse information on his credit file. I also think that Mr W repaid the loan for about 18 months after the loan was first taken out, which I think again provides evidence the loan was affordable at the time. I don't think there can be any doubt that the loan was

affordable on the face of it and the only real issue was the impact of the gambling on the affordability.

I appreciate Mr W says Nationwide ought to have checked his account statements. But I'm satisfied Nationwide did carry out proportionate and reasonable checks on the application. And that it would not be practicable or proportionate to check account statements on every loan application, as not every loan applicant would be a Nationwide customer and gambling transactions are not always obvious. I also think that Nationwide would not have known about the extent of Mr W gambling issues unless he told it about them. If that had been the case and Nationwide told about such gambling issues, then any future lending decisions should have been looked at differently. But that isn't the case here as Mr W didn't tell Nationwide he had a gambling problem.

I appreciate Mr W says he didn't need a loan, but I don't think that is relevant or that Nationwide could have known that. And it was Mr W's decision to take out the loan and his decision how to spend that money. I find it would be unfair to order Nationwide to refund the loan even if I thought it decision to lend irresponsible as Mr W had the benefit of that money.

Overall, I'm satisfied Nationwide carried out appropriate checks on Mr W loan application and I hope he appreciates why I can't fairly comment on the wider gambling issues he raises. No doubt Nationwide will consider itself how it deals with this sort of problem in the future and how it considers the impact of gambling on credit and loan applications.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 31 May 2021.

David Singh
Ombudsman