

The complaint

Mr A says that National Westminster Bank Plc (NatWest) irresponsibly lent to him. He says NatWest increased his credit limit even though there was a default.

What happened

NatWest approved Mr A's application for a credit card in 2011 with an initial credit limit of £3100. The credit limit was increased to £4100 in 2019.

Mr A feels that NatWest lent irresponsibly. He said he's had a default on his credit file since 2018 and that the credit limit increase led him to borrow more.

NatWest disagrees. It says it carried out checks before increasing the credit limit and found nothing to indicate that Mr A wasn't able to sustainably repay the borrowing.

Our investigator agreed with NatWest but Mr A didn't and he asked for a decision by an ombudsman.

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.

Mr A opened the credit card account in 2011. Because this is more than 6 years ago, and because Mr A would've been aware of the credit limit and the interest rate, I'm unable to look into the original lending decision because any complaint about it has been brought out of time.

The credit limit was increased in 2019. I'm able to look into this part of the complaint.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering Mr A's complaint.

Before providing credit to a customer, we would expect NatWest to carry out reasonable and proportionate checks to ensure that lending is sustainably affordable.

NatWest has explained that it carried out an affordability check based on Mr A's management of the account in the months leading up to the credit limit increase. It says that it took account of Mr A's account performance since it opened and checked that Mr A hadn't missed any payments. It also obtained a credit score. NatWest says that Mr A met the eligibility criteria for the credit limit increase.

Based on what I've seen, I think NatWest carried out appropriate checks before increasing the credit limit. I haven't seen anything to suggest that the increased credit limit wasn't affordable for Mr A.

Mr A has made the point that there was a default on his credit file when the credit limit was increased. I've thought about what NatWest would likely have done if it had discovered the

default.

It's important to say that a default doesn't automatically exclude a customer from future lending. I've looked at the evidence which Mr A has provided about the default. I think it's reasonable to assume that the default would've been registered on Mr A's credit file and, as a consequence, would've impacted on Mr A's credit score.

NatWest has said that Mr A passed the necessary credit score for the credit limit to be increased. Therefore, even if NatWest had been aware of the default, I think it's likely that it would've reached the same conclusion and found the credit limit increase to be affordable.

In conclusion, I think NatWest carried out reasonable and proportionate checks before approving the credit limit increase. These checks didn't identify any sign of financial difficulty or suggest that the lending was unaffordable. I don't think NatWest lent irresponsibly.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 30 November 2022.

Emma Davy
Ombudsman