

The complaint

Ms K complains about the way Nationwide Building Society dealt with her request for additional borrowing, which she says detrimentally affected her financial position.

What happened

Ms K held a loan and current account with Nationwide. She advises she had been offered a new job, which required her to work a month in hand. So Ms K approached Nationwide to see if it would either increase her existing loan or provide an overdraft to assist her in the interim.

Nationwide declined Ms K's request, which she says led to her being unable to meet direct debits and other payments when due, arrears on her loan and her having to resign from her job due to the impact on her credit file. Ms K says she had an excellent credit rating and feels that Nationwide's decision was not properly considered, saying she was later told that the branch had no lending licence. Ms K complained to Nationwide about its actions.

In response, Nationwide said that it didn't undertake a full assessment or formal application as its systems indicated that this would result in a decline decision. It says it referred Ms K's financial situation to its triage team to see if it could assist with Ms K's wider circumstances, and that it is this team – rather than the branch – that doesn't have a lending licence. Nationwide doesn't consider that it did anything wrong in its handling of Ms K's request or in recording arrears on her loan account. It hasn't upheld Ms K's complaint.

Ms K was unhappy with Nationwide's response and referred her complaint to us. Our investigator was satisfied that Nationwide had dealt with Ms K fairly. She hadn't met its lending criteria and we couldn't step in to change its process. The investigator noted Nationwide hadn't recorded adverse payment information on Ms K's credit file. And he didn't think it was Nationwide's responsibility to provide further funding to Ms K to service existing debt. He didn't feel he could recommend upholding Ms K's complaint.

Ms K didn't accept the investigator's conclusions. She felt that some of the key background circumstances had been overlooked, reiterating her reasons for requesting the borrowing from Nationwide and the impact its decision had had on her life. Ms K also said she'd been bombarded with calls from Nationwide chasing her loan payment. She's asked for this review.

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'm afraid I'm going to disappoint Ms K once again when I say that I don't propose to uphold her complaint. I've reached a broadly similar conclusion to our

investigator, and for similar reasons.

Let me say, first of all, that Ms K has given a very clear explanation of her arguments, and her case as to why she believes she offered Nationwide a good lending prospect. She has been at pains to demonstrate the nature of her borrowing requirement – she felt she needed £1,000 to see her through until she was paid – and the evidence she provided to Nationwide in terms of the job she'd been offered. The issue at hand here is whether Nationwide was obliged to agree to lend to her, and if so, on what terms.

It's generally for a bank or building society to decide when, to whom, and on what terms it will agree to lend. I won't usually interfere with a business's lending decision, unless I think there are grounds for me to do so. Such grounds might be maladministration or irresponsible lending.

Here, Ms K doesn't suggest Nationwide shouldn't have lent to her – quite the opposite. And I'm not persuaded Nationwide failed to consider her borrowing request correctly, or that it acted wrongly when it declined to proceed with a formal application. However strong or reasonable Ms K believed her request was, Nationwide wasn't obliged to accept it.

From Ms K's account of what happened, a particularly unfortunate set of circumstances meant that she didn't receive her income from her role for the previous month. Although Ms K had a letter showing her appointment to a new role, that wasn't sufficient to meet Nationwide's lending criteria. I've listened to the call in which Nationwide explained this to her over the phone while she was at the branch. So I can see why it didn't proceed with an application. I find no basis to conclude that this was because the branch had no licence to lend; I think this is a misreading of Nationwide's final response letter in which this comment is in reference to its triage team, not the branch.

Nationwide told Ms K at the outset that it wasn't willing to extend further borrowing to her. Her statements show that at the time of her visit her account had exceeded the approved £250 overdraft and had a number of returned direct debits. I don't attach any blame to Ms K for that situation. The circumstances that caused her not to have received any income from the previous month's work were outside her control. While I can see why Ms K thinks it would have greatly assisted her situation if Nationwide had made a different decision, it wasn't unreasonable for Nationwide to reach the decision it did.

It's possible that Nationwide could have explored alternatives to further borrowing to assist Ms K with the acute situation she was facing. But the options there were limited; it could perhaps have offered to defer her loan payment, which was due in four weeks' time. However, Ms K was confident in the call that the issue over non-payment of her income would be resolved fairly promptly, so it's questionable to what extent that would have offered a practical solution to the immediate problem she had.

I'm also conscious Ms K's account statements ultimately don't show this money coming in at all, let alone within the short space of time she expected it to. So it looks like it's that aspect, coupled with the later loss of her new role, that has led to Ms K experiencing the problems in falling behind with payments.

I note Ms K's concerns over being chased by Nationwide when she wasn't able to make full payment towards her loan, which she expressed to our investigator following his assessment of her complaint. As that activity took place after Ms K's complaint to Nationwide about its lending decision, I can't deal with it as part of this complaint. I can, however, remind Nationwide of its ongoing obligation to deal fairly with customers in arrears or facing financial hardship.

I do empathise with the situation Ms K found herself in. Her finances became stretched through no fault of her own and as a result of this she has found it difficult to manage. However I don't consider it would be fair or reasonable for me to hold Nationwide responsible for those difficulties.

My final decision

For the reasons I've set out here, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 1 May 2024.

Niall Taylor
Ombudsman