

## **The complaint**

Mr C complains that National Westminster Bank Plc ('NatWest') irresponsibly gave him two loans that he couldn't afford.

## **What happened**

On 10 September 2021 Mr C asked for and was given a loan for £5,000 which had a term of 24 months. The purpose of the loan was to refinance debt. On 27 October 2021 Mr C asked for and was given a loan for £5,000 which had a term of 30 months. The purpose of the second loan was debt consolidation.

In 2022, Mr C complained to NatWest to say that the loans shouldn't have been opened for him because they weren't affordable and that NatWest ought to have made a better effort to understand his financial circumstances before providing him with credit. NatWest declined to uphold the complaint. And Mr C brought his complaint to this service.

Our investigator thought the complaint should not be upheld. Mr C didn't agree. So, the complaint was passed to me to decide.

## **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've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

NatWest will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Mr C's complaint is that NatWest made credit available that was unaffordable. NatWest has explained that it relied in part on information that Mr C provided at the time of application to assess affordability. They said they carried out a credit search in Mr C's name to assess Mr C's level of debt at that time and to understand how he had been managing that debt. With that information and using their own scoring metric, NatWest decided to agree to the loans. And Mr C declared an income that was not modest and NatWest cross referenced it Mr C's account which confirmed the declared income as accurate. So, there was some assessment of affordability at the time of the sale.

The NatWest checks showed that Mr C's credit file was very clean at the time of the loan applications. When I say this, I mean that Mr C's management of his existing credit

showed no recent history of CCJ's, defaults or any late payments. Mr C provided us with his credit report which is devoid of any adverse marking.

So, it would have seemed to NatWest from the information they had from credit reference agencies that, at the point that the lending decisions were made, Mr C was affording his existing credit. And so, NatWest were not put on notice of any reason not to agree the lending from that. And so, I don't think that the information that NatWest had at the time of the lending decisions, would have led them to feel they ought to make more searching enquiries of Mr C's expenditure.

Mr C has provided us with some bank statements for his current account. Over a number years the amount moving into Mr C's account was broadly equivalent to the amount leaving it. And the account maintained a largely positive balance in the year before the loans were given. I have seen insufficient evidence that the other information that NatWest acquired, or could have acquired, or had presented to it at the time of the lending decision, would have led them to think that they were remiss in not checking Mr C's expenditure more closely.

I have seen no evidence that Mr C made NatWest aware of his gambling at the time the loans were applied for. And the account had not been adversely affected by it at the time the loans were taken out in any obvious way.

Mr C thinks the weight of his existing credit made the loan unreasonable. But Mr C told us that the purpose of the loan was to pay off other debts. So, I don't see the provision of the loans as evidence solely of new credit being provided by NatWest, adding to an already large amount of personal borrowing. Instead, rather than the new credit adding to Mr C's burden of credit, in terms of total debt and the monthly cost of servicing that debt, it looks like Mr C was taking steps, that could be termed sensible, to manage his existing debt by taking out these loans and using them to pay off other debts that were presumably on less favourable terms. So, it doesn't seem automatically unreasonable for NatWest to have facilitated that.

In any event, having considered all the submissions made in this case, and in the absence of any extra evidence from Mr C to the contrary, I have seen insufficient evidence to think that more thorough affordability checks would have led NatWest to think that the credit it provided Mr C was unreasonable for either loan, or that more searching checks would have prompted them to have acted differently than they did.

I know that Mr C will be disappointed with my decision, in itself and because he has invested time and energy in pursuing his complaint. But I want Mr C to know that I considered all the submissions made in this case. But having considered all the submissions in this case, particularly those at the time of the lending decisions, I have not found sufficient evidence to uphold this complaint. I have seen insufficient evidence to think that the loans NatWest provided were unreasonable.

### **My final decision**

For the reasons given above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 13 November 2023.

Douglas Sayers  
**Ombudsman**

