

The complaint

Mr P complains that Nationwide Building Society ("Nationwide") irresponsibly granted him a loan he couldn't afford to repay.

What happened

In July 2015 Mr P took out a personal loan for around £10,000. It was used to 'top-up' an earlier loan.

Mr P says that Nationwide didn't complete adequate affordability checks and granting him the further lending worsened his financial position.

Nationwide says it carried out a thorough assessment which included checks that were fair and proportionate.

Our Investigator didn't recommend the complaint be upheld. He thought Nationwide didn't act unfairly or unreasonably by approving the loan.

As Mr P didn't agree, his complaint has been passed to me for a final 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.

Nationwide 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.

I'd like to reassure Mr P that I've looked at the complaint afresh and independently reviewed all the available information, including what Mr P said in response to our investigator's view. Having done so, I am not upholding Mr P's complaint for broadly the same reasons as our investigator. I'll explain why.

Mr P's complaint is that Nationwide made a loan available that was unaffordable. It's possible that Nationwide failed to make adequate checks before providing Mr P with credit. But even if that were true, I have seen insufficient evidence to think better enquiries would have caused Nationwide to think the loan was unaffordable.

Nationwide had a responsibility to make sure it wasn't lending irresponsibly to Mr P given the overall cost of the loan. I've also kept in mind that this wasn't the first loan Mr P had taken with Nationwide – as it had lent to him in 2012 and again in 2014. So it's likely that Mr P would already have had a satisfactory borrowing history with Nationwide up to that point.

It is not straightforward trying to determine the question of whether Mr P could afford the loan because he hasn't been able to provide any bank statements from the time in question

or any credit information from then. So, I have no way of knowing the volume of any credit Mr P may have had or how Mr P was managing any existing credit alongside his day-to-day living costs at the time he was granted the loan.

I have carefully considered what limited information Mr P has told us about his circumstances at the time, including his income and regular outgoings. But unfortunately what I've seen is insufficient for me to be able to make a finding that the loan was automatically unreasonable.

It follows that, having thought about all the evidence and information I've seen, and in the absence of any extra evidence from Mr P to the contrary, I am unable to make a finding that more thorough affordability checks would have led Nationwide to think that it would be unfair to grant Mr P the loan as it would be unaffordable for him.

I would though wish to remind Nationwide of its obligation to seek to come to an appropriate arrangement with Mr P for any repayment of the loan that remains outstanding. This includes using forbearance wherever it is possible and reasonable to do so.

I know that Mr P will be disappointed with my decision and I was sorry to read about the difficulties he's been experiencing in his personal situation due to his financial circumstances.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 26 March 2024.

Michael Goldberg
Ombudsman