

## **The complaint**

Miss D has complained that Nationwide Building Society was irresponsible when it offered her a credit card account. To settle the complaint Miss D would like Nationwide to refund interest and fees charged on the account, freeze interest going forward and to remove any adverse entries on her credit file.

## **What happened**

I don't need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Miss D being identified. So for these reasons, I will instead concentrate on giving the reasons for my decision.

Our Investigator looked at what had happened but didn't think Nationwide had acted irresponsible when it offered Miss D the card. The account was opened on 21 October 2021 with a limit of £2,700. Miss D's income had been declared at £27,000, with rent of £240 per month, which was verified via a credit reference bureau. The Investigator was satisfied Nationwide had carried out all the checks the Investigator would have expected and, given Miss D's available disposable income, even if the limit of £2,700 had been reached on the card, the monthly payments would have been affordable.

In the circumstances, the Investigator didn't think the complaint should be upheld. Miss D asked for an Ombudsman to review the complaint.

## **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.

Before entering into a credit agreement Nationwide needed to check that Miss D could afford to repay the credit out of her usual means, within a reasonable period of time, without having to borrow further and without experiencing financial difficulty or other adverse consequences. The checks needed to be proportionate to the nature of the credit, for example the amount offered, and to Miss D's particular circumstances. In addition Nationwide needed to have proper regard to the outcome of its risk assessment in relation to affordability. The overarching requirement was that Nationwide needed to pay due regard to Miss D's interests and treat her fairly.

With all this in mind, I have to consider whether Nationwide carried out reasonable and proportionate checks when it opened the account for Miss D to satisfy itself that she would be able to repay the credit offered within a reasonable period of time. If it didn't do this, what would reasonable and proportionate checks have shown? Was there anything of concern in the checks Nationwide carried out, and did it make fair lending decisions? Did Nationwide treat Miss D unfairly or unreasonably in any other way, including whether the relationship might have been unfair under s.140A Consumer Credit Act 1974 (s.140A CCA)?

The Investigator set out in detail in the preliminary view on the complaint all the information Nationwide had been provided with, as well as the other data it took into consideration when considering the application, so I don't need to repeat it here.

It seems to me that Nationwide carried out a proportionate check when it opened the account. It considered what Miss D said on her application form and checked her credit file. I've reviewed the information Nationwide gathered and I haven't seen anything which suggests that Miss D would have any difficulty meeting her repayments for the level of credit offered out of her stated income. I also don't think there was anything in the information Nationwide had gathered about Miss D's circumstances that should have led it automatically to decline her application, or prompted it to complete further checks before entering into the agreement.

Bearing in mind there wasn't anything in the information provided by Miss D that was inconsistent or difficult to explain, I don't think that it was unreasonable for Nationwide to rely on what Miss D provided about her income and expenditure during her application. In the circumstances, the information obtained suggested that Miss D could repay a balance of £2,700 within a reasonable period of time. The checks Nationwide carried out were reasonable and proportionate.

Altogether, considering the information about Miss D's income from the application form, what Nationwide saw on Miss D's credit file, and the amount of credit it was offering, I can't say that Nationwide made an irresponsible or unfair lending decision when it opened the account for Miss D.

In reaching my conclusions, I've also considered whether the lending relationship between Nationwide and Miss D might have been unfair to Miss D under s.140A CCA. However, for the reasons I've explained, I've not been persuaded that Nationwide lent irresponsibly to Miss D, or otherwise treated her unfairly. Given this, I'm not persuaded that s.140A CCA would, given the facts of this complaint, lead to a different outcome.

### **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 Miss D to accept or reject my decision before 14 April 2025.

Jan O'Leary

**Ombudsman**