

The complaint

This complaint is brought on behalf of the estate of Mr B. Mrs B is acting as the deceased's representative for the purposes of this complaint. She complains that National Westminster Bank Plc ('NatWest') irresponsibly granted Mr B credit card accounts that he couldn't afford to repay.

What happened

Mr B entered into three agreements with NatWest to have access to credit by way of credit card accounts.

The first account (account number ending 7761) was opened in July 2018 with a credit limit of £11,650. This credit limit was decreased to £5,000 in December 2019.

The second account (ending number 0757) was opened in August 2019 with an opening credit limit of £18,400. The credit limit was reduced to £5,000 in December 2019 and then to £2,500 in September 2020. The account was suspended in mid-2023 after Mr B started going over his credit limit and failing to make minimum payments.

The third account (account number ending 5166) was opened in December 2019 with an opening credit limit of £12,550. The credit limit was increased to £20,000 in December 2019. This was at the same time as the credit limits on the other two accounts were each reduced. This account was terminated in June 2023 after Mr B started getting into significant difficulties with meeting payments to the account, leading to NatWest finding it was necessary to issue Mr B with a notice of default.

Mrs B says NatWest didn't complete adequate affordability checks when it opened each of these accounts. She says if it had, it would have seen that each agreement wasn't affordable for him from the outset and that continuing to provide him with credit worsened his financial situation.

NatWest said it carried out reasonable and proportionate assessments to check Mr B's financial circumstances before granting him each card account.

Our investigator didn't recommend the complaint be upheld. She thought NatWest didn't act unfairly or unreasonably by approving these accounts. And she said that the credit limit increase on the last card was fair and reasonable, given that at the same time the credit available to Mr B on the other two cards was reduced.

As the estate doesn't agree with our investigator's finding, this 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.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide this complaint. I don't consider it necessary to set out all of that in this decision. Information about our approach to these complaints is set out on our website.

I will now look at each of the three accounts in turn, in order of opening:

July 2018

Before opening this account, I think NatWest gathered a reasonable amount of evidence and information from Mr B about his ability to repay. I say this because it completed a credit check which showed a total unsecured credit debt of around just under £14,000 and no adverse information on Mr B's credit file, such as consistent arrears or account defaults. It also asked Mr B about his income which Mr B declared as being around £4,100. NatWest used that to carry out an affordability check to see if he would be likely to be able to repay his new card sustainably.

However, just because I think it carried out proportionate checks, it doesn't automatically mean it made a fair lending decision. So, I've thought about what the evidence and information showed.

I've reviewed the information and evidence NatWest gathered. Having done so I'm satisfied that the checks that were completed showed that the agreement was likely to be affordable to Mr B. I say this because NatWest worked out that his monthly disposable income was around £1,400. This was after deducting the details of Mr B's monthly household costs, existing lending and other committed expenditure. I've also kept in mind that the opening credit limit of £11,650 would require a payment each month of around £600 (based on a monthly payment of the 5% if the full balance was used) were Mr B to be able to repay the account on a sustainable basis.

For these reasons, I don't think NatWest acted unfairly when approving the finance application.

August 2019

Again, before opening this account, I've seen that NatWest gathered a reasonable amount of evidence and information from Mr B about his ability to repay. It completed another credit check that showed Mr B's credit record was in reasonably good order. Mr B owed around £11,700 in total credit, with no recent defaults or other adverse markings on his credit file. NatWest also looked into whether it was likely to be affordable. At this point, Mr B's monthly income was still the same. However, even though I can say that proportionate checks were likely to have been in place, that doesn't automatically mean that NatWest went on to make a fair lending decision. So, I've thought about what the evidence and information showed.

The information and evidence NatWest gathered suggested that the new credit was likely to be affordable. The checks this time showed that Mr B had around £2,000 available in disposable income each month. I'm in agreement with our investigator there were no significant indications of Mr B's financial situation being at risk of deterioration. This included the way Mr B had been using the first card, where I've seen that he was consistently using less than 10% of the credit available to him in the months leading up to the second card being granted. I'm also aware that Mr B had been banking with NatWest for quite some time and so NatWest was in a position to check how Mr B was managing his day-to-day finances.

All of this means that I'm again satisfied that the checks that were completed showed that the agreement was likely to be affordable to Mr B and that he would be able to repay it

sustainably. It follows that I don't think NatWest acted unfairly when approving the finance application.

December 2019

Before opening this third account I again think NatWest gathered a reasonable amount of evidence and information from Mr B about his ability to repay. Mr B again passed NatWest's credit check. This time Mr B said he had a monthly income of around £4,400. NatWest also again completed a credit check which showed no adverse information. However, just because I think it carried out proportionate checks, it doesn't automatically mean it made a fair lending decision. So, I've again thought about what the evidence and information showed.

Mr B initially had a total of £42,600 in available credit, along with his other two NatWest cards. Immediately after being granted the card, however Mr B sought to have his credit limit increased, with the limit going up to £20,000. From what I've seen of the available records and correspondence, Mr B arranged with NatWest for the balances to be reduced on his other two cards to accommodate a large balance transfer at a promotional rate. The purpose of this appears to have been to transfer in credit balances held elsewhere at higher interest rates. Mr B had agreed to close down his two card accounts with other lenders. So I can see that Mr B was at this point taking practical steps to try and reduce his total level of credit and repay it sustainably. And given that NatWest was accommodating Mr B with consolidating his debt at a lower interest rate whilst reducing his level of credit with his other two cards, I don't think it was acting irresponsibly.

Had the limits on the existing two cards remained the same it was likely that Mr B would have been financially stretched to be able to repay them sustainably. But with the limit on each card having been reduced substantially to £5,000, Mr B now had a total credit exposure of £30,000 with NatWest. To repay that sustainably would require monthly repayments of around £1,500 which looks to have been affordable.

All of this suggests Mr B was likely to have been in a reasonably stable position financially at the time the account was opened. The available evidence and information I've seen demonstrates that Mr B appears to have had enough disposable income each month to make regular, sustainable repayments towards each card. So, I don't think NatWest acted unfairly when approving this third card, given the credit limit adjustments that took place soon afterwards.

I've seen that Mrs B is unhappy with the level of help Mr B received from NatWest. I realise that Mr B ran up gambling debts and I recognise that finding ways to pay these was a source of great worry and distress to him. I've looked at Mr B's bank statements covering the whole period when he was taking out these cards. I've noted the evidence of varying levels of gambling over this period. I certainly wouldn't wish to minimise the fact that any consistent and repetitive level of gambling poses a potential risk to someone's overall financial welfare. But as things stand, I haven't seen enough to show or suggest that this ought to have been a concern to NatWest that ought to have led it to re-considering whether it should review the level of credit he had available.

In summary, whilst I can't say that, based on all the available evidence and information, NatWest's actions were necessarily appropriate throughout the entire history of these accounts, I don't think that the opening of each one was likely to cause Mr B to lose out. As I'm not persuaded that NatWest acted unfairly, I don't think it needs to take any action to put things right.

I've also considered whether the relationship between Mr B and NatWest might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think NatWest lent irresponsibly to Mr B or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

Finally, I would like to say that I am sorry to learn of Mr B's passing and the understandable impact this has had on his family. I've looked at this complaint alongside the complaints made by Mr B's estate for other NatWest products taken out by Mr B. I hope by considering these complaints together I've addressed Mrs B's concerns that the estate might have lost out by each complaint having been looked into separately. I haven't found that to be the case and it therefore hasn't changed the ultimate outcome. I hope this provides a measure of reassurance that I have considered this complaint in the context of Mr B's wider financial situation.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr B to accept or reject my decision before 13 March 2025.

Michael Goldberg

Ombudsman