

## **The complaint**

Mr M complains that Nationwide Building Society (NBS) acted irresponsibly in agreeing to his application for a credit card.

## **What happened**

In June 2024 Mr M applied for a credit card account with NBS. His application was successful and a credit limit of £4,500 was applied. Mr M said NBS hadn't checked his financial situation properly and if they had they would have seen his reliance on credit cards and other borrowing. He complained to NBS.

NBS said their checks had been proportionate and reasonable. They checked Mr M's credit history and internal data that showed the lending was affordable for him.

Mr M didn't agree and referred his complaint to us.

Our investigator said NBS' checks were proportionate and based on these they'd made a fair lending decision.

Mr M didn't agree and asked for an ombudsman to consider his 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.

I appreciate my decision will disappoint Mr M but having done so I don't uphold his complaint. I'll explain why.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've taken that approach into account in considering Mr M's complaint. Before providing credit, lenders need to complete reasonable and proportionate affordability checks. There isn't a set list of checks a lender is required to carry out, but it needs to ensure the checks are proportionate when considering things like: the type and amount of credit being provided, the size of the regular repayments, the total cost of the credit and the consumer's circumstances.

Mr M was applying for a credit card this would be revolving credit, which means open-ended credit where the borrower can make use of a credit facility up to an agreed limit. Unlike personal loans, there's no fixed weekly/monthly repayment. The borrower would normally receive monthly statements, stating the list of transactions, outstanding balance, required repayment amount and the due date. How much the consumer needs to repay each month would depend on the outstanding balance and the type of the credit. With Mr M's credit card NBS had to assume he'd draw down the entire credit limit at the earliest opportunity and would be able to repay this in instalments over a reasonable period.

NBS said they used data from Mr M's credit card application, this showed he'd an annual income of £45,000, he paid rent of £350 and didn't have any dependents. They also used internal data, as Mr M had his current account with them, and they'd checked his credit history with a credit reference agency (CRA). These showed Mr M had an average salary of around £2,560 as well as other income. And his account was always in a credit balance. Mr M appeared to be managing his active accounts well as there wasn't any evidence of defaults or county court judgements noted.

Mr M said he was making gambling transactions that NBS should have seen. Having looked at Mr M's bank statements I haven't seen any discernible gambling, or any evidence of his not being able to meet his financial commitments such as his direct debit and standing order payments.

From the evidence NBS has provided they were aware that Mr M had some other debt. But the credit card being offered to Mr M had a promotional offer of 15 months 0% interest on balance transfers and purchases. The credit limit of £4,500 allowed for Mr M to make two balance transfer, £1,900 with a balance transfer fee of £28.50, and £1,890 with a balance transfer fee of £28.35. Which left Mr M with around £650 for further spending.

So, from the evidence I've seen NBS took reasonable steps to determine Mr M's income and outgoings. And based on the evidence they gathered it was most likely that Mr M could make his repayments over a reasonable period. And by agreeing to his application as Mr M was transferring his other debt from interest bearing cards onto a 0% offer the credit card should have improved his financial position.

I've also considered whether NBS acted unfairly or unreasonably in some other way given what Mr M has complained about, including whether their relationship with him might have been viewed as unfair by a court under Section 140A Consumer Credit Act 1974. But for the reasons I've already given, I don't think NBS lent irresponsibly to Mr M 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.

Although I'm not upholding this complaint, I'd like to remind NBS of their obligation to exercise forbearance if they intend to collect any outstanding balance remaining on the account and it's the case that Mr M is experiencing financial difficulty.

**My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 April 2025.

Anne Scarr  
**Ombudsman**