

The complaint

Mr M complains that Nationwide Building Society irresponsibly granted him an overdraft, with the limit then increasing over time, that he couldn't afford to repay.

What happened

In June 2024, Mr M asked Nationwide for an overdraft; the limit then changed several times, as I've outlined below:

Date	Existing Limit	Increase / Decrease	New Limit
16 June 2024	£0	£1,000	£1,000
20 June 2024	£1,000	£1,000	£2,000
28 June 2024	£2,000	-£1,100	£900
31 July 2024	£900	-£100	£800
23 August 2024	£800	£200	£1,000

In summary, Mr M thinks that Nationwide didn't carry out the appropriate checks before granting the overdraft – or increasing the limit – and that it shouldn't have approved the lending. He's explained how he had existing debts; he was gambling and has talked of how his income was less than his expenditure.

Mr M complained to Nationwide, but it didn't uphold his complaint. In short, it said it had carried out suitable checks, so as to determine Mr M's ability to repay, in the circumstances. Mr M remained unhappy and, subsequently, he referred his complaint to this Service for independent review.

An Investigator looked at what had happened; having done so, they didn't think Mr M's complaint should be upheld. They said:

- Nationwide had carried out proportionate checks before agreeing to Mr M's request for an overdraft, and any subsequent requests to increase the limit.
- Its checks hadn't revealed anything which suggested the overdraft was, or would be, unaffordable for Mr M.
- Overall, there wasn't evidence to support Mr M's view that Nationwide had acted irresponsibly.

Mr M disagreed, and he asked for an Ombudsman's decision. As no agreement has been reached, Mr M's complaint has now been passed to me.

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.

By way of general background, before agreeing to lend or increasing the credit limit, the rules say Nationwide had to complete reasonable and proportionate checks to ensure Mr M could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances.

The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete; overall, lenders are required to consider the broad points I've set out above when deciding what's reasonable and proportionate. If necessary, perhaps as a result of something uncovered in their checks, lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances. That could be by reviewing bank statements, for example, but it's important for me to stress again that verification – or requesting bank statements or pay slips – isn't an *obligation*. More information about how we consider irresponsible lending complaints can be found on our website, if Mr M wishes to review it.

Mr M's overdraft limit changed a few times and, from what I've seen, when assessing his request for an overdraft – and on the occasions he applied to increase his overdraft limit – Nationwide reviewed his declared income and expenditure, as well as the management of his current account; it also looked at data from Credit Reference Agencies ("CRAs"). Fundamentally, given an overdraft is a type of revolving credit facility, Nationwide needed to consider whether Mr M could repay the amount he could owe as a result of his overdraft within a reasonable period of time.

Here, Mr M's overdraft limit increased and decreased several times within a very short period: around nine weeks. Broadly then, I wouldn't have expected Mr M's wider financial position to change drastically during that time; having looked at the information Nationwide gathered, as well as the statements for Mr M's account, it appears that's largely the case. He'd stated his annual income as £45,000 and his declared monthly expenses stood at £350 – 400 for mortgage/rent costs; Nationwide didn't find any significant issues, like defaults, County Court Judgements or Individual Voluntary Arrangements when it checked his credit file at any point.

Mr M would, of course, have had more expenses than declared here – but broadly, it seemed as though Mr M was managing his commitments well; his account generally held a reasonably healthy balance, repayments elsewhere were up to date, and given the limits in place – never higher than £2,000 – I think the level of checks carried out by Nationwide here were proportionate. So, considering what Nationwide's checks revealed, I don't think it was unreasonable to provide Mr M with credit limits up to £2,000.

I know Mr M will likely disagree with that; he doesn't consider checks to have been appropriate and has referenced the existing debt he held at the time. That's understandable, his debt-to-income ratio at the time stood at around 70% – which isn't insignificant – but that alone, in my view, isn't reason for Nationwide not to lend. Generally speaking, other debt doesn't automatically, or categorically, preclude an individual from obtaining credit; and in context of what Nationwide's checks uncovered here, I don't think it had obvious cause for concern. Mr M has mentioned gambling too, and I'm truly sorry to hear of the struggles he's faced in that regard. As our Investigator pointed out, though, there doesn't seem to be a clear, identifiable, pattern of gambling from this account which Nationwide ought to have seen. It follows that I can't fairly conclude that Nationwide ought to have uncovered it and taken action.

Our Investigator also noted how Mr M's account statements demonstrated that he appeared to have the ability to clear limits of up to £2,000 within a reasonable period of time. I don't disagree with that finding; Mr M did bring the account back into credit regularly, but for completeness, I'll add that I understand Mr M was obtaining credit from elsewhere – among other things, like being in receipt of a work-related bonus, for example – which may have inflated his balance. While that may be the case, though, I wouldn't expect Nationwide to have carried out the level of analysis to uncover such detail; it wasn't obligated to do so, and the account being in and out of credit balance – as well as Mr M's applications to decrease the overdraft limit – appeared to show, on the face of it, an overdraft being utilised as intended: for short-term use.

I fully accept that Mrs M's position was likely worse than what Nationwide uncovered. It's crucial, though, to remember that it wouldn't be fair and reasonable for me to say that Nationwide should have known this was the case at the time it was making its lending decisions. Plainly speaking, I can't use hindsight here; the information available to Nationwide indicated that Mr M could likely afford the limits provided at the time the lending decisions were made.

Moreover, there's nothing which suggests to me that Nationwide ought to have stepped in before its standard annual review. In fact, the short time Mr M held the overdraft before complaining means Nationwide wouldn't yet have reviewed his usage; at least until he raised this complaint, that is. And while some potential indicators *could* suggest an emerging problem, as I've said above, I don't consider that Nationwide would've uncovered those before Mr M complained or it had the chance to review things; nor do I consider there to have been any significant events which ought to have drawn Nationwide's attention.

In conclusion then, while this'll no doubt disappoint Mr M, I don't think that Nationwide acted unfairly or unreasonably when providing him with his overdraft or increasing the limit – and it follows that I don't uphold this complaint. That said, now it's aware of Mr M's position, I'd remind Nationwide of its obligation to exercise forbearance and due consideration to his circumstances. I'd also encourage Mr M to contact Nationwide to discuss his options moving forward, if he's not already done so.

Finally, I've also considered whether the relationship between Mr M and Nationwide 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 Nationwide 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.

My final decision

My final decision is that I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 25 September 2025.

Simon Louth
Ombudsman