

The complaint

Mr E was unhappy because Nationwide Building Society (NBS) changed its lending criteria and didn't inform him. Mr E says NBS ought to have informed him as he's a vulnerable adult, and NBS were aware of this.

What happened

Mr E is a long-standing customer with NBS. Mr E has several accounts with NBS including two current accounts with overdraft facilities and a credit card account.

Mr E has explained that in 2015 he received a diagnosis for autism and has undergone a variety of ongoing treatments for his condition. Mr E has said that since his diagnosis and his family reaction to his diagnosis his mental health has been impacted. And he has suffered from varying degrees of depression and anxiety.

Since 2012 and 2015 Mr E has been in receipt of income-based Job seekers allowance (JSA) and disability benefit. Despite this, over the years Mr E has managed to build up his credit rating and has obtained other lending facilities including credit cards. Mr E says sometimes when applying for credit he's found that his occupation status can be a problem. So, he usually contacts the company and asks them to assess his income on an individual basis, which he says then leads to his applications being approved.

Mr E has a credit card limit of £4,000. But he's said that in 2018 and 2019 he received letters from NBS offering to increase his credit card limit by £500.

Mr E has explained that he has stuck with NBS and been happy with the services he has received over the years. He's said he made NBS aware of his personal circumstances and up until recently he has felt NBS listened to him and valued him as a customer, which is why he hasn't thought about changing his bank.

Mr E has said that because of his autism it's important to him that NBS is clear about the detail of its financial products, and he likes to have as much information as possible. And to communicate by phone.

Mr E says in recent times he has applied for a loan with NBS to buy a car, but his application was turned down. NBS told Mr E that his JSA couldn't be considered as an income. So, Mr E didn't meet its lending criteria. Mr E said NBS didn't make this clear to him at the time of his application.

In October 2023, Mr E applied to NBS for a small increase to his credit card limit as he was struggling financially. As part of the application Mr E told NBS he was getting JSA and disability benefit. During the application process NBS told Mr E that they couldn't consider Mr E's JSA as income. And declined his application.

Mr E said he was shocked, that NBS hadn't made it clear to him that his JSA couldn't be considered as income. He pointed out that NBS had sent him letters offering to increase his

credit card limit prior to his application. So, he couldn't understand why his application had failed. And felt he had wasted time completing his application.

Mr E asked NBS when it had made this decision about not taking JSA into account. He said he hadn't received any communications about this and normally NBS were very good at keeping its customers informed. But on this occasion the advisor couldn't tell him, which Mr E found frustrating and upsetting. As a result, Mr E had to spend time making lots of calls to NBS to try and understand why his application had been declined.

Mr E complained to NBS. He said they hadn't made him aware that he couldn't use his JSA when applying for further lending. He asked when NBS had made this decision. NBS told Mr E that JSA hadn't been counted as income by NBS since 2019/2020.

In response, Mr E said he was shocked, and he believed NBS actions were discriminatory because he wasn't working and had a disability. He said NBS's decision made him feel inferior to someone who had a job, and he had wasted his time applying to increase his credit limit. So, he said NBS hadn't treated him fairly.

NBS said it hadn't done anything wrong and had made a commercial decision not to accept JSA as part of its lending criteria, which it said its entitled to do. But it accepted its service had fallen short after Mr E had made a complaint because it hadn't called Mr E back when it said it would. To put things right NBS paid Mr E £100 for any trouble and upset this had caused him.

Mr E remained unhappy and brought his complaint to our service. One of our investigators reviewed everything. After looking at all the evidence the investigator said:

- A change in NBS's lending criteria is a commercial decision that NBS is entitled to make, and our service has no remit to challenge this.
- NBS didn't treat Mr E unfairly by not informing Mr E about this change.
- Due to the time that's elapsed, NBS have confirmed they don't keep records of all the applications Mr E made over years. So, it's difficult for our service to conclude whether Mr E questioned why his applications were declined and whether NBS gave him clear information at the time.
- NBS did review Mr E's loan application which was made in 2021 and this was declined due to affordability. According to the lending criteria NBS would've considered Mr E's disability benefit as income, but according to the criteria it wouldn't have considered his JSA as acceptable income. This demonstrated that NBS weren't declining his applications solely based on him claiming benefits. But the investigator didn't have enough evidence to see what communications took place between the parties to determine if Mr E was given clear information about this.
- Where there is a lack of evidence provided, our service makes a finding based on the balance of probabilities – the investigator said it's likely that Mr E wasn't given clear information about his JSA not being taken into consideration as acceptable income in his loan application. She said if this information was made clear to Mr E in his earlier application, he wouldn't have gone through the trouble of making further lending applications. To put things right she said NBS should pay Mr E £100 compensation for the inconvenience caused to him when making his further application.
- They'd looked at whether Mr E had been treated unfairly solely because he was claiming JSA and because of his autism. But didn't, think NBS had treated him

unfairly due to these reasons. NBS's lending criteria considered the PIP payment, but it no longer accepted JSA as part of its commercial decision. Therefore, it hasn't treated Mr E unfairly because he was claiming benefits.

- Mr E also received automated letters relating to credit limit increases on his credit cards. Whilst these are automated and usually sent to a variety of customers, and are generic and sent to customers that NBS think may be eligible. It doesn't guarantee an increase, as customers would still have to go through income and expenditure as well as credit checks. This is the case for all lending products offered across businesses. Should Mr E wish to opt out of any marketing or product offers, he should inform NBS about this.

Mr E remained unhappy. In summary he said:

- Whilst he understands that NBS has to maintain control of its own lending criteria, in the past he has had complaints upheld where they had failed to communicate this to him. So, it appears to be inconsistent to now say that they don't have to communicate that to customers.
- In terms of the marketing of financial products, whilst he understands our service's explanation, it doesn't make sense to send customers information for products they aren't eligible for, especially when it appears they are tailored for the individual customer, rather than generic. Also, he was allowed to increase his credit limit on his NBS credit card, several times since 2019, which isn't consistent with the NBS policy of not allowing JSA as 'acceptable income'. When he questioned NBS about this, the explanation given was unclear, confusing and centred on 'internal and external credit policies'.
- Whilst he appreciates that the Financial Ombudsman Service is limited in its powers and scope, in the area of discrimination and protected characteristics, it does state in the investigator's view that NBS haven't treated him unfairly. Surely expressing any viewpoint, in an area that it clearly states it is not qualified to assess and is outside its jurisdiction, is unnecessary and unhelpful.
- The award of £100 is too low, but he is aware that the Financial Ombudsman Service can't really make a proper assessment around discrimination.

NBS responded to the investigator's view. In summary they said:

- They had managed to locate all applications made by Mr E under his current profile on their systems. After speaking to the relevant team, they confirmed that they can see that Mr E has only made one loan application since 2013 which is the one he made in 2021. They do concede that this would not cover any applications made outside of his profile (as in he stated he was a new member), but we do feel that this holds credence that it is as likely that Mr E did not make any applications to his assertions that he did.
- It would not be possible to list every single reason as to why Mr E or any other person may not be eligible for a personal loan. The eligibility criteria are not exhaustive and is subject to regular reviews, therefore, asking NBS to list every reason as to why somebody would not be eligible for a loan or any other product that NBS offer would not be a reasonable request. Likewise listing every reason as to why NBS could not offer a loan/product means that NBS open themselves up to criteria being manipulated. This in turn could cause NBS a number of issues regarding

irresponsible lending.

As no agreement could be reached the matter has come to me to decide.

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 think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Mr E's complaint in less detail than he has. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

I also acknowledge Mr E has complained that NBS discriminated against him on the basis of his disability and treated him differently because he is in receipt of benefits. In other words, it hasn't treated him fairly under the Equality Act 2010 (the Act). I've taken the Act into account when deciding this complaint - as it's relevant law – but I've ultimately decided this complaint based on what's fair and reasonable. I'm required to take into account the law, rules and regulations, codes of practice – but ultimately I decide matters based on what I think is fair and reasonable. If Mr E wants a decision that NBS has breached the Act, then he'd need to go to Court.

Generally, it's a matter for financial businesses to decide who they're prepared to lend to and what criteria they want to apply in deciding which applications for lending will be approved or declined. So, I've considered whether, in assessing Mr E's applications – NBS followed their own process and treated Mr E fairly and reasonably in doing so.

I can see why Mr E's unhappy. NBS have declined his application for a credit card limit increase because he doesn't meet their lending criteria, and he would rather they take into account his full financial circumstances – as he's confident he can afford to repay what he intends to borrow on the card based on his JSA income and benefits. And he's pointed out that NBS have been happy to increase his limit over recent years.

Mr E says NBS eventually told him that it couldn't accept his JSA as an income. But it could accept his disability benefit as part of its lending criteria. It seems from looking at Mr E's loan application in 2021, this didn't proceed for the same reasons. Mr E has said his income is solely from benefits but that this a regular income he's received for many years. He's said that other applicants who are not reliant on benefits are assessed on affordability and that refusing his application because he is solely reliant on benefits is unfair and discriminatory. He says that his application was therefore not refused because of credit worthiness concerns but solely because of his income source.

As I've already explained, it is not my role to determine whether discrimination has occurred but instead to decide whether or not Mr E has been treated fairly. In assessing this I have paid particular attention to the issues Mr E has raised in regard to the Equality Act 2010. The Equality Act says that people with protected characteristics must not be discriminated against and sets out the various ways in which discrimination can occur. It sets out a number of protected characteristics which include disability.

Mr E has explained that he receives disability benefits. He says he also has a regular income in the form of his JSA and that NBS' lending criteria discriminates against him because it didn't carry out any affordability assessment but instead stopped his application. NBS has explained that it can accept Mr E's disability benefit as an income. But not his JSA. So, Mr E didn't have the required income additional to his benefits. This meant Mr E didn't meet their lending criteria and because of this it didn't continue his application and assess his personal circumstances.

NBS has provided evidence of their lending criteria. I'm satisfied, having reviewed it, that Mr E's applications didn't meet NBS's lending criteria – so I can't say they've unfairly declined his application for the increase to his credit card limit. I know Mr E will disagree. But, as I've already explained, it's for NBS to decide what lending criteria they want to have and so I don't think they have an obligation to consider Mr E's application in the way he's suggested. As I've said above, this service can't require NBS to change its lending criteria.

I note Mr E wants further details of NBS's lending criteria but as has been explained this is confidential. My role isn't to say whether NBS' lending criteria is correct, but I can comment on whether it has been applied fairly. And that's what I've done.

In this case I can see that NBS applied its standard process when assessing Mr E's application. I haven't seen any evidence that NBS has applied its lending criteria unfairly. Taking all the available information into account, I'm unable to uphold this aspect of Mr E's complaint. I haven't seen anything to suggest that NBS has made an error in the application of its lending criteria or that it has treated Mr E unfairly when it decided to decline his application to increase his credit card limit.

Mr E has said that NBS didn't make him aware that his JSA wouldn't satisfy NBS's lending criteria – when he applied for his loan. And had it done so he wouldn't have wasted his time making an application to increase his credit card limit. NBS says changes in its lending criteria are highly commercial and sensitive information. Therefore, NBS are not obliged to tell their customers that they've changed their lending criteria – this also applies to any customers who are more vulnerable.

I appreciate Mr E felt NBS ought to have notified him, but I'm afraid NBS weren't obliged to do so. As I've mentioned above, NBS are entitled to change their lending criteria. It is a business, and any such change is part of its commercial decision.

However, having listened to the calls Mr E had with NBS I do think NBS could have handled things better. I say this because NBS couldn't explain clearly to Mr E when it had changed its lending criteria and didn't explain to him why JSA wasn't an acceptable form of income.

From listening to the calls, I can hear that this lack of information was quite frustrating for Mr E – I've also kept in mind Mr E has told our service it's important to him to have clear information because of his disability and circumstances. So, I can understand why he feels NBS have done what he describes as 'something on the sneaky and on the quiet' by not telling him about the change to its lending criteria.

Mr E applied for a loan in 2021, which is some time ago, there's no evidence available that might indicate NBS made Mr E aware that it wouldn't be able to accept Mr E's JSA income for future lending applications. From the evidence that is available, I can see that NBS declined Mr E's loan application due to affordability. Having looked at the lending criteria that NBS has shared with this service I can see that NBS would have taken Mr E's disability benefit into consideration when assessing Mr E's loan application. But not his JSA. Based on this, and Mr E's submissions about how he manages his finances, I think it's unlikely Mr E would have gone to the trouble of applying to increase his credit card limit in 2023 if NBS

had clearly told him it couldn't consider his JSA as income at the time he applied for his loan. I also think if NBS had explained things more clearly when he applied for his credit limit increase Mr E wouldn't have been put to the trouble of making further phone calls to NBS to find out why his application had been declined.

The investigator recommended that NBS should pay Mr E £100 for the trouble and upset this caused him. I appreciate that Mr E doesn't think this is enough to cover the inconvenience and service he received. However, on balance I think that this is sufficient to cover the upset caused. So, I won't be asking NBS to do anything further to resolve Mr E's complaint.

Finally, I note that Mr E has indicated that he may wish to pursue the matter through other means, I can't advise him on how to go about doing that, but my decision brings to an end what we – as an informal dispute resolution service can do for him.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint. To put things right Nationwide Building Society should do the following:

- Pay Mr E £100 compensation for the trouble and upset this matter has caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 22 July 2025.

Sharon Kerrison
Ombudsman