

## **The complaint**

Miss C says National Westminster Bank Plc irresponsibly let to her.

## **What happened**

Miss C took out a £6,000 loan over 60 months from NatWest on 23 November 2023. The monthly repayments were £181.35 and the total repayable was £10,881.

Miss C says her expenses almost exceeded her outgoings and she could not afford this loan. A thorough review of her credit file would have shown this.

NatWest says it completed proportionate checks that showed the loan would be affordable for Miss C.

Our investigator did not uphold Miss C's complaint. He said based on the available evidence he could not say NatWest's checks were proportionate. But it could fairly have made the same lending decision had it carried out better checks.

Miss C disagreed with this assessment and asked for an ombudsman's review.

## **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've also had regard to the regulator's rules and guidance on responsible lending (set out in its consumer credit handbook – CONC) which lenders, such as NatWest, need to abide by. NatWest will be aware of these, and our approach to this type of lending is set out on our website, so I won't refer to the regulations in detail here but will summarise them.

Before entering into a credit agreement, NatWest needed to check that Miss C could afford to meet her repayments out of her usual means for the term of the loan, without having to borrow further and without experiencing financial difficulty or other adverse consequences. The checks NatWest carried out needed to be proportionate to the nature of the credit (the amount borrowed or the term, for example) and to Miss C's particular circumstances.

The overarching requirement was that NatWest needed to pay due regard to Miss C's interests and treat her fairly. With this in mind, my main considerations are did NatWest complete reasonable and proportionate checks when assessing Miss C's loan application to satisfy itself that she would be able to make her repayments without experiencing adverse consequences? If not, what would reasonable and proportionate checks have shown and, ultimately, did NatWest make a fair lending decision?

I have reviewed the checks NatWest carried out. It asked Miss C for her income and housing costs and it says it used national statistics to estimate her living costs. It carried out a credit check and from this it says it knew her existing credit commitments. It then assessed the affordability by taking the total income declared by Miss C, minus housing payments,

existing loan repayments, card repayments, and living costs to understand her disposable income. It also asked about the purpose of the loan which was debt consolidation. Based on these checks NatWest concluded the loan would be affordable for Miss C.

NatWest has not provided the results of all of these checks, nor of the affordability calculation it says it carried out. So whilst in theory they seem adequate, without knowing what they showed, I cannot fairly say with certainty that this was the case given the value and term of the loan. I have therefore looked at the results of both these checks - and where I find they were needed, better checks - to decide whether NatWest made a fair lending decision.

And it seems NatWest's lending decision was fair based on the information it most likely saw/ought to have seen. I'll explain why.

Miss C declared an income of £2,500. As she banked with NatWest it would have known this was closer to £1,900 (on average) in the three months prior to application. It ought to have used this data. This income was made up of Universal Credit and a regular payment in that was described as a contribution to bills. I note Miss C has said this was not the case, but it would have been reasonable for NatWest to assume it was given the statement narrative.

It accurately knew her housing costs were £825 and Miss C has confirmed this included all bills. This meant she had £1,075 available to cover her other living costs and her credit commitments. NatWest has not shared the cost it allocated for her existing credit, but from bank statements I can see it was in the region of £345.

From the credit report Miss C provided it seems this loan would have allowed Miss C to repay in full the credit cards she had. She had settled a loan in October 2023 so that repayment cost would have also ended. As this loan was for debt consolidation I think it was reasonable for NatWest to have concluded it was affordable for Miss C. Miss C didn't have a history of applying for loans with NatWest for consolidation purposes and then returning for further funds after having failed to consolidate as she said she would. So I think NatWest was reasonably entitled to believe the funds would be used for the stated purpose and so reduce Miss C's monthly outgoings on credit.

NatWest said that at the time of the application there was no adverse information recorded against Miss C's accounts such as credit defaults, court judgements or bankruptcy. I haven't seen the detail of the credit information NatWest relied on, but as Miss C provided us with a copy of her credit file and I can accept that NatWest would not have seen a level of adverse information on Miss C's credit record such that it was wrong to lend.

It follows I do not think NatWest was wrong to lend to Miss C.

I've also considered whether the relationship 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 Miss C or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

I am not upholding Miss C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 2 May 2025.

Rebecca Connelley  
**Ombudsman**