

The complaint

Mr B complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (NatWest) was irresponsible in its lending to him. He wants all interest and charges refunded and to only be required to repay the amount he borrowed. He wants a repayment plan agreed for the outstanding balance and all negative information removed from his credit file.

What happened

NatWest provided Mr B with a £8,000 loan in September 2023. The loan term was 78 months and Mr B was required to make monthly repayments of £208.83.

Mr B said that at the time of the lending he was already making significant payments to other creditors and that his current account was with NatWest so it would have seen this. He said that NatWest had also recently (earlier in 2023) provided him with a credit card and he was operating near the £4,300 credit limit. He explained that he was going through a divorce at the time and his finances were over stretched as he was paying two sets of housing costs. He said he had run out of credit on multiple credit cards which was why he applied for the loan. He said the loan was never affordable for him and even though he contacted NatWest about his financial difficulties it continued to charge interest and fees on his loan.

NatWest issued a final response to Mr B's complaint dated 16 September 2024. It said that when Mr B applied for the loan, he said it was for refinancing debt. It explained that Mr B confirmed that his monthly income was £4,900 and this was validated against his account turnover. It said it asked Mr B about his monthly expenditure and this information along with data from the credit reference agencies was used in its affordability assessment. It said that based on its checks Mr B met its criteria and the loan was provided.

NatWest said that Mr B was referred to its Financial Health and Support Team when Mr B contacted it about experiencing financial difficulties. It said that it tried to contact Mr B in January and February 2024 as it hadn't received his income and expenditure details. It said Mr B's repayment offer was rejected in February and it continued to try to contact him over the following months. When Mr B made contact in July 2024, his account had been passed to third-party debt agents.

NatWest didn't accept that it had done anything wrong and didn't uphold Mr B's complaint.

Mr B referred his complaint to this service.

Our investigator considered the checks NatWest carried out but based on the evidence he had received and noting Mr B's high credit card balances at the time, he thought it would have been proportionate for NatWest to carry out further checks to ensure it had a clear understanding of Mr B's financial situation. He then considered what further checks would likely have identified and found these wouldn't have shown anything that meant the loan shouldn't have been provided.

Our investigator also considered how NatWest acted when Mr B told it about his financial difficulties, and he thought it had tried to assist him. Given this, our investigator didn't uphold

this complaint.

Mr B didn't agree with our investigator's view. He said the loan was unaffordable and that NatWest wasn't supporting him with his ongoing financial difficulties.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue a 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr B was provided with a £8,000 loan which required monthly repayments of around £208 over 78 months. NatWest asked Mr B about his income and this was verified through his account statements. It also asked about Mr B's expenditure and this information was used along with the results of the credit check in the affordability assessment.

Mr B declared a monthly income of £4,900 and housing costs of £728 (NatWest increased this to £830). The credit check didn't show any significant signs of financial difficulty such as recent defaults or county court judgment, but it did identify Mr B as having over £35,000 in credit card debt. So, while I note the checks NatWest undertook, in this case, based on the information I have seen and noting Mr B's high amount of credit card debt, I think further checks should have been carried out to ensure NatWest had a clear understanding of Mr B's financial circumstances at the time.

NatWest had access to Mr B's account statements, and I think these could have been used to have considered Mr B's overall financial situation as well as to verify his income. Having looked through the account statements for the months leading up to the loan being provided, these show his account in a credit position and his regular committed expenses didn't exceed his income. There were no signs of financial difficulty and so I do not find that further checks would have raised concerns that meant the loan shouldn't have been provided.

I am sorry to hear of the difficult time Mr B has been experiencing and I understand that he doesn't feel that NatWest has been supportive since he informed it of his financial difficulties. However, having looked through the information provided, I can see that NatWest tried on several occasions to contact Mr B about his account. It received a letter from Mr B in February 2024, but this didn't include an expenditure assessment and it tried to contact Mr B about this. So, while I understand that Mr B's offer was declined in February, I find that NatWest was trying to make contact with Mr B at this time and had this happened, it could have had the opportunity to provide further support. Contact attempts were made without success over the following months before a notice of default was sent in May 2024. While I can see Mr B made contact in July 2024, by this time NatWest has explained that the account had been passed to third-party debt agents. So, while I appreciate that Mr B feels he should have been provided with more support, in this case, I think NatWest did take reasonable steps to try to assist him. I note Mr B's comment about further correspondence

with NatWest, but based on the issues investigated through this complaint, I think NatWest did try to support Mr B.

I've also considered whether NatWest acted unfairly or unreasonably in some other way given what Mr B has complained about, including whether its relationship with Mr B 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 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

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 27 May 2025.

Jane Archer
Ombudsman