

The complaint

Miss M complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (NatWest) was irresponsible in its lending to her. She wants NatWest to write off part of her debt and the interest and offer her an affordable repayment plan.

What happened

Miss M was provided with a £5,000 loan by NatWest in February 2024. The loan term was 60 months and Miss M was required to make monthly repayments of £144.36.

Miss M said that NatWest didn't carry out adequate checks before providing the loan, even though it had access to her bank statements. She said that she works part time and was receiving benefits and that the loan was never affordable.

NatWest issued a final response dated 6 September 2024. It said that as part of the loan application it asked Miss M about her income, and she declared a monthly income of £1,600 which it validated through her account turnover. It also asked her about her expenditure and used this information along with data from the credit reference agencies to assess affordability. It said Miss M's application was approved without the need for additional checks. NatWest didn't accept that the loan had been lent irresponsibly.

Miss M said that after receiving the final response she emailed NatWest providing her medical evidence but didn't receive a response. She called NatWest to ask for help. She asked for a repayment plan with reduced monthly repayments but said that NatWest didn't agree and asked her to refer her complaint to this Service, which she did.

Our investigator didn't uphold Miss M's complaint. While she thought that further checks should have taken place to fully understand Miss M's financial circumstances, she found that had these happened the loan would have appeared affordable for Miss M. She noted Miss M's comments about her health condition preventing her from making sound financial decisions and that NatWest didn't provide support when she requested this. But our investigator explained that NatWest hadn't been aware of Miss M's health condition prior to the loan being provided. She gave Miss M details of how she could access support from NatWest.

Miss M responded to our investigator's view. She said that her income had improved in the months leading up to the loan application due to one-off payments and she provided copies of her payslips. She said that a more detailed income check should have happened including looking at more months of statements. She said that had this happened NatWest would have seen she was on a low income. Miss M explained that she didn't have a mortgage but paid rent and that she lived on her own and so was responsible for all bills. She said that she didn't have direct debits set up for all of her expenses and so these may not have been identified. She said she was struggling with priority bills and didn't accept that the loan should have been considered affordable.

Our investigator responded to Miss M's comments. She noted that Miss M had declared a monthly income of £1,600 and as this was supported by her statements in the months

leading up to the application, she thought it reasonable this was relied on. She noted Miss M's comment about struggling with her bills but said that Miss M's credit file didn't raise concerns.

Miss M still felt that a longer period of assessment should have happened noting that NatWest had access to her accounts. She believed that had this happened the loan wouldn't have been provided.

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.

Miss M was given a £5,000 loan and was required to make monthly repayments of around £144. Before the loan was provided, NatWest asked Miss M about her income and her declared income was validated against her account turnover. A credit check was also carried out. The credit check showed that Miss M had existing credit commitments of loans and credit card accounts with her total unsecured debt noted as £9,266. The credit check showed that Miss M was utilising over 100% of her revolving credit limits. While I do not think this alone meant the lending shouldn't have been provided, given Miss M was using all credit available to her and noting the size of the NatWest loan and its term, I think that NatWest should have looked through the account statements it had access to in order to fully understand Miss M's financial circumstances to ensure the lending would be sustainably affordable for her.

Miss M has said that her account statements for a period longer than the three months leading up to the lending should have been considered. While I note her comments, I think that assessing the three months prior is reasonable and if this didn't raise concerns then I wouldn't have expected a longer duration to be considered.

In this case, Miss M declared her monthly income as £1,600. I have looked through her account statements and these show Miss M receiving income from her employer and also from benefits. The income averaged around £1,600 in the months leading up to the loan being provided. So, while I note Miss M's comment about her income being higher in those months, as the income Miss M declared was supported by her account turnover data, I find it reasonable that NatWest relied on this in its assessment.

I have then looked through Miss M's account to understand her expenses. In the application £507 was recorded as mortgage costs. Miss M has confirmed that she was renting at the time, and I can see the other information gathered by NatWest also noted that Miss M was renting, and no mortgage was identified through its credit checks. Therefore, I find it reasonable to accept that the £507 declared was Miss M's housing costs and I note this is supported by her account statements (payments of £503 each month for rent).

Additional to Miss M's rent, she was making payments for insurance, utilities and other housing costs as well as her credit commitments. The total of these (including the rent payment noted above) averaged around £750. Miss M was also paying for her general living costs but taking this into account I do not find I can say that further checks would have shown the NatWest loan to be unaffordable for Miss M.

I have then considered whether there were any other reasons why the loan shouldn't have been provided. Having reviewed Miss M's bank statements, I do not find these showed signs of her being in financial difficulty. I have also looked through the copy of Miss M's credit report that she has provided and again I do not find this showed any significant issues at the time. Based on the above, I do not find that I can say NatWest was wrong to provide the loan.

Miss M has explained her health conditions, and I am sorry to hear that Miss M is struggling with this loan. However, I have nothing to show that NatWest was aware of Miss M's health conditions at the time of lending and I note that once this was disclosed it was added to her notes. I also appreciate that Miss M doesn't think that NatWest has provided her with a reasonable level of support. NatWest provided Miss M with details of the team she could contact which would be able to discuss her situation and offer support. It also provided details of other organisations that could offer support and I find this reasonable. While Miss M has been provided the contact details of the team that can assist her, I would also like to remind NatWest that we would expect it to treat Miss M positively and sympathetically given the issues she has explained.

I note Miss M's comment about her sending details to NatWest following receipt of its final response, but as the response had been issued, I do not find I can say NatWest was wrong to refer Miss M to this service at that time. Taking everything into account, I do not find I can uphold this complaint.

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

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 3 June 2025.

Jane Archer
Ombudsman