

The complaint

Mr F complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (NatWest) was irresponsible in its lending to him. He wants all interest and charges refunded along with statutory interest and any adverse information removed from his credit file.

Mr F is represented by a third party but for ease of reference I have referred to Mr F throughout this decision.

What happened

Mr F applied to NatWest for a £10,000 loan in July 2021. The loan was provided with a loan term of 63 months (including an initial payment holiday) and Mr F was required to make 60 monthly repayments of around £200.

Mr F said that adequate checks weren't carried out before the loan was provided. He said he had other debts at the time and was only making the minimum payments towards his revolving credit commitments.

NatWest issued a final response to Mr F's complaint dated 13 August 2024. It said that before lending it carried out affordability and creditworthiness checks. It said Mr F declared a monthly net income of £1,700 and this was checked against his bank account. It then assessed Mr F's payments towards his existing credit commitment based on his credit report. It didn't accept that it had made any errors in its process of lending to Mr F and so it didn't uphold his complaint.

Mr F referred his complaint to this service.

Our investigator noted that although NatWest had said a credit check was undertaken it hadn't been able to provide the results of this. Therefore, he couldn't say whether the checks were proportionate and he considered the evidence provided, including Mr F's credit report, to understand what proportionate checks would have likely identified. Having done this he didn't think that the checks would have suggested the loan to be unaffordable.

Mr F didn't agree with our investigator's view. He thought his financial circumstances hadn't been fully considered noting that he had taken out a £5,000 loan with another provider in February 2021 and had other outstanding credit. He said that he had also taken out other unsecured loans in the years previously which showed a reliance on debt.

Mr F said that as proportionate checks were found not to have been completed, his bank statements should have been assessed as part of our investigator's review. He said that thorough checks would have shown he was experiencing financial strain and raised concerns about the affordability of the loan.

Our investigator noted Mr F's comments but as these didn't change his view, and a resolution hasn't been agreed, this case 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 F was provided with a £10,000 loan repayable through monthly instalments of around £200. This is a substantial loan, and we would expect the checks undertaken to reflect that and ensure that the repayments would be affordable for Mr F over the loan term.

Before the loan was given, NatWest gathered information about Mr F's income and carried out a credit search. Mr F declared a monthly net income of £1,700 and NatWest checked this against his current account. It also undertook a credit check, but it hasn't been able to provide details of this, however it noted that Mr F's repayments towards existing loans were around £205 and his payments towards his credit cards were around £107. Estimates were then used for Mr F's other expenses.

As NatWest hasn't been able to provide the details of its credit checks, I cannot say whether proportionate checks were undertaken. Therefore, I have looked at the evidence provided, alongside the copy of Mr F's credit report that he has submitted, to assess what I think proportionate checks would likely have identified. Having done so, I do not find that Mr F's credit report raises issues that meant further questions needed to be asked at the time. The credit report supports the loan repayments NatWest had recorded of around £205 a month. Mr F also had outstanding credit card debt but I do not find that his existing credit commitments suggested he was over indebted. I also note that Mr F repaid his credit card debt and loans in July 2021 which suggests he used the NatWest loan, in part, for debt consolidation.

Our investigator requested copies of Mr F's bank statements, but these weren't provided. However, I think that it is reasonable to make a decision based on the information I have as I think the affordability checks were reasonable based on what we now know about Mr F's credit report. Mr F's credit report didn't suggest he was struggling with his financial commitments at the time of his NatWest loan application. His income was verified, and based on the information provided the loan appeared to be affordable for Mr F. Therefore, I do not uphold this complaint.

I've also considered whether NatWest acted unfairly or unreasonably in some other way given what Mr F has complained about, including whether its relationship with Mr F 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 F 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 F to accept or reject my decision before 14 July 2025.

Jane Archer
Ombudsman