

## The complaint

Miss M complains that The Royal Bank of Scotland Plc (RBS) was irresponsible in its lending to her. She wants all interest and charges removed from her loan account, so she is only liable to repay the amount she borrowed.

## What happened

Miss M was provided with an £18,500 loan in August 2021. The loan was intended to refinance her debts. The loan term was 96 months and Miss M was required to make monthly repayments of around £380.

Miss M said that when she applied for the loan she was in a desperate situation and needed to lower her monthly repayments. She said she had around £50,000 of debt which could be seen on her credit report and that all her credit cards were at their limits. She said she had a £5,000 overdraft on her RBS current account and a £6,000 credit card limit both of which were being fully utilised. She also explained that she had a gambling addiction. Miss M believes that RBS should have identified that she was struggling financially and shouldn't have provided the loan. Miss M said the loan made her financial situation worse.

RBS issued a final response to Miss M's complaint dated 9 September 2024. It said that Miss M applied for the loan online and that her application was assessed against its lending criteria. It explained that an affordability check was carried out using the data Miss M provided in her application along with information obtained from the credit reference agencies and data it had on how she managed other accounts with RBS. RBS said that Miss M's declared income was validated through her accounts and that her credit check didn't show any adverse data. It said that Miss M's application met its lending criteria and so the funds were provided.

Miss M wasn't satisfied with RBS's response and referred her complaint to this service.

Our investigator noted the checks that RBS had explained it carried out but also that a copy of the credit check hadn't been provided. Without this they didn't find they were able to say that the checks were proportionate.

Our investigator requested copies of Miss M's credit report and bank statements to assess what proportionate checks would likely have identified. They noted that only extracts of the credit report had been provided along with copies of Miss M's bank statements. Based on the information available, our investigator found Miss M's monthly average income to be around £2,238 and her expenses to be around £1,256. Our investigator noted Miss M's comment about her gambling but having looked through Miss M's account statements they didn't find this changed their view that the RBS loan repayments appeared to be affordable. Based on this they didn't uphold this complaint.

Miss M didn't agree with our investigator's view. She reiterated that she had over £50,000 of debt outstanding at the time including a £5,000 overdraft and £6,000 credit card account with RBS. She said that providing her with more debt wasn't responsible.

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 provided with a £18,500 loan repayable over 96 months. This is a substantial loan and so we would expect the checks undertaken to reflect this. Before the loan was provided, RBS gathered information about Miss M's income (which was validated using her account data) and her housing costs and carried out a credit check. While RBS has said that the application was a clean accept with no triggers alerted, as it hasn't been able to provide a copy of the credit check results, I cannot say whether the checks were proportionate. Considering the size and term of the loan and noting that Miss M had her current account and a credit card account with RBS, I think it right that her income was verified, and I also think that her account statements should have been used to understand her expenditure.

As well as her RBS account, Miss M had an account with another bank. While I do not find that RBS was required to request copies of these statements, I have used the information they contain, alongside the RBS statements, and other information provided, to understand what proportionate checks would likely have identified.

Miss M declared a monthly net income of £2,250 and her statements show a regular income of £2,238. This is in line with the declared amount. The account statements also show her making monthly payments of £450 for her mortgage which was the amount included in the application data. Miss M's statements also show her making monthly payments for council tax and media and communications contracts totalling around £250. She was also paying towards her existing credit commitments and general living costs. Miss M has explained that she wasn't paying for her utilities at the time as a family member was helping her due to her debts.

Miss M's existing credit commitments included loans, credit cards and an overdraft. Her payments towards these were around £600 a month. Adding these costs to her mortgage and other regular costs would give total costs of around £1,300. This would leave around £938 for the cost of the RBS loan and Miss M's general living costs. However, I note that the intended purpose of the loan was debt consolidation, and I can see that Miss M used just under £5,880 of the funds to repay her outstanding balance on her RBS credit card. Given this, I think proportionate checks would have shown the lending to be affordable for Miss M. Therefore, I do not find I can say that RBS was wrong to provide the loan on affordability grounds.

I have then considered whether there were other reasons why the lending shouldn't have been considered responsible. I note Miss M's comment about her existing level of debt and I can see that she had taken out new debt shortly before the loan. However, as the loan was intended to be used for debt consolidation and the evidence available shows she did at least

in part do this, I do not find that is enough to say the lending shouldn't have been provided.

Miss M has also mentioned her gambling. I am sorry to hear of the difficult time Miss M was experiencing and I can see that there are gambling transactions recorded on her RBS statements but I do not think these were at a level that RBS should have been aware this was an issue for Miss M. Miss M's other bank statements show more gambling transactions but as I do not find that RBS was required to request copies of these statements I do not find I can say that it should have been reasonably aware of this. Therefore, without evidence to show that Miss M had made RBS aware of her gambling addiction at the time of her application, I do not find I can say that RBS was wrong to provide the loan.

I've also considered whether RBS 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 RBS 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 24 June 2025.

Jane Archer  
**Ombudsman**