

## **The complaint**

Miss B complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (NatWest) was irresponsible in its lending to her. She wants all interest and charges applied to her loan refunded along with interest and any adverse information removed from her credit file.

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

## **What happened**

Miss B was provided with a £5,500 loan by NatWest in September 2019. The loan term was 60 months and Miss B was required to make monthly repayments of £155.54.

Miss B said that NatWest didn't carry out adequate checks before the loan was provided to ensure that the repayments would be affordable for her. She said she had other debts outstanding at the time.

NatWest issued a final response to Miss B's complaint dated 5 August 2024. It said that before the loan was provided, it asked Miss B about her income and confirmed the declared amount with the credits into her NatWest account. A full credit check was undertaken and based on the information it gathered, affordability and credit worthiness checks were carried out. It said that based on its checks the loan was affordable for Miss B.

Miss B referred her complaint to this service.

Our investigator noted the checks that NatWest had carried out but said that as he hadn't been able to see the results of the credit check he couldn't say whether proportionate checks had taken place or not. Therefore, he assessed what proportionate checks would likely have identified. Based on the evidence provided our investigator thought that proportionate checks would have shown the loan to be affordable for Miss B.

Miss B didn't accept our investigator's view. She said that she was regularly using her overdraft facilities and had multiple active credit commitments at the time and was consistently making minimum payments, indicating a reliance on credit. Miss B didn't agree that the calculated disposable income fully reflected her irregular income pattern and variable living costs. She didn't think that NatWest had acted responsibly by providing the loan.

Our investigator responded to Miss B's comments but as these didn't change his view, and 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.

Before the loan was provided, NatWest asked Miss B about her income and verified this using her account statements. It deducted costs for her housing costs, credit commitments and her living costs and found this left Miss B with around £357 of disposable income to cover the cost of the NatWest loan and any other additional costs. A credit check was undertaken which NatWest said didn't raise any concerns.

As the details of the credit check aren't available and noting the disposable income after the NatWest loan repayments was relatively low, I do not find I have enough to be able to say that proportionate checks were carried out. Therefore, I have looked through the information provided, including Miss B's account statements and the recent credit report, to understand what proportionate checks would likely have identified.

Miss B's bank statements show that her average monthly income was in line with the amount she declared. Additional to this she received a regular payment into her account of £240 and benefits of around £82. This resulted in her average monthly income being just over £2,400. Miss B has noted the variability of her income, but having looked at her statements, while her monthly income does vary slightly, I don't think this was such that it wouldn't be reasonable to use the average figure.

Miss B had existing credit commitments and deducting these, along with her housing costs, and other essential expenses including utilities, insurances and communications /media payments, and general living costs such as food and fuel, would leave Miss B with just over £350 disposable income to cover the cost of the NatWest loan repayments and any other expenses. As the NatWest loan repayments were around £156, this would leave around £200 after the repayments. While I accept this isn't a large amount, I also note that Miss B was receiving other payments into her account which I haven't included. Therefore, in this case, I do not find that proportionate checks would have shown the loan to be unaffordable for Miss B.

I have then considered whether there were any other reasons why the loan shouldn't have been given. I haven't seen a copy of Miss B's credit report from the time but having looked at the recent report she has provided, while this gives limited information about Miss B's account at the time of the lending, I do not find that it contains anything that suggests Miss B was struggling with her finances. I note Miss B's comment about her using her overdraft, but I do not think this alone meant the loan shouldn't have been given and, as the loan appeared affordable, without further evidence to show that the lending was irresponsible, I do not find I can say that NatWest was wrong to provide this loan.

I've also considered whether NatWest acted unfairly or unreasonably in some other way given what Miss B has complained about, including whether its relationship with her might have been viewed as unfair by a court 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 B 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 B to accept or reject my decision before 25 July 2025.

Jane Archer  
**Ombudsman**