

## The complaint

Mr D says National Westminster Bank Plc irresponsibly lent to him.

## What happened

Mr D is complaining about two loans he took out from NatWest. The first, in ~~October~~~~tober~~~~October~~~~October~~ 2021, was for £19,000 over 63 months. ~~The monthly repa-~~The monthly repayments were £479.02. The second, in June 2022, was for £19,950 over 63 months. The monthly repayments were £483.66.

~~Mr D –Mr D–~~says NatWest did not do enough to check ehe could afford to repay the loans. In particular, giving the second loan – as well as lending capacity on credit cards – caused him finaiuealfinancial difficulties and stress.

The credit card lending decisions are not part of this complaint, as Mr D is aware, and are being reviewed separately.

NatWest said it carried out adequate checks that showed the loans were affordable.

Our investigator upheld Mr D's complaint in part. He found NatWest should not have given loan 2 to Mr D and set out what the bank must do to put things right.

NatWest accepted this assessment. Initially Mr D agreed too, but he later asked for an ombudsman's review, specifically around the removal of adverse data on his file relating to all products and the CCJ.

He argues that the cumulative impact of both loans is far greater than either one in isolation. The second loan pushed him into financial difficulties and he was unable to work for five months due to the stress. He did not use loan 2 for discretionary spending, he ended up needing to use it for everyday essential costs. Had he not been given the second loan or second credit card, he would not have fallen behind on his financial commitments, defaulted or received a CCJ. AsHe says as NatWest over-lent it should remove all negative markers. And pay com[pen]sation to reflects the financial, mental and emotional harm it caused.

## 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.

I've also had regard to the regulator's rules and guidance on responsible lending (set out in its consumer credit handbook – CONC) which lenders, such as NatWest, need to abide by. NatWest will be aware of these, and our approach to this type of lending is set out on our website, so I won't refer to the regulations in detail here but will summarise them. Before entering into a credit agreement, NatWest needed to check that Mr D could afford to meet his repayments out of his usual means for the term of the loans, without having to borrow further and without experiencing financial difficulty or other adverse consequences.



The checks NatWest carried out needed to be proportionate to the nature of the credit (the amount borrowed or the term, for example) and to Mr D's particular circumstances.

The overarching requirement was that NatWest needed to pay due regard to Mr D's interests and treat her fairly. With this in mind, my main considerations are did NatWest complete reasonable and proportionate checks when assessing Mr D's loan applications to satisfy itself that he would be able to make his repayments without experiencing adverse consequences? If not, what would reasonable and proportionate checks have shown and, ultimately, did NatWest make fair lending decisions?

I have reviewed the checks NatWest carried out for both loans. It asked Mr D for his income and verified this against his current account turnover from the previous six months as he banked with NatWest. It asked about his housing costs and used national statistics to estimate his living costs. It carried out credit checks to understand his existing credit commitments and repayment history. It asked about the purpose of the loans which was debt consolidation for loan 1 and home improvements for loan 2. Based on these checks NatWest concluded the loans were affordable as Mr D had monthly disposable income of £1,289 at the time of loan 1 and £2,806 at the time of loan 2.

### *Loan 1*

I think these checks were proportionate and NatWest made a fair lending decision based on the information it gathered. I'll explain why.

NatWest learnt Mr D had a verified monthly income of £4,000, housing costs of £730, likely living costs of £641 and credit commitments of £1,345. So the loan appeared affordable on a pounds and pence basis. It hasn't shared the full results of its credit check but has confirmed there was no adverse information such as credit defaults, court judgements or bankruptcy evident either on the bank's records or on the credit check from the external agency. And the loan was for debt consolidation so it was reasonable for NatWest to assume that the cost of Mr D's existing credit commitments would fall.

It follows I don't find NatWest was wrong to give loan 1 to Mr D.

### *Loan 2*

As NatWest accepts it ought not to have given loan 2 to Mr D, I need not comment further on the lending decision. As Mr D initially accepted the investigator's view, NatWest removed interest and charges as this service instructed and it removed the adverse data relating to loan 2 (ahead it seems of the capital balance being repaid).

Mr D has, however, asked that any adverse data relating to both loans and the credit cards, and his CCJ be removed, explaining that it was the cumulative impact of all that lending that triggered his financial difficulties. However, I can only consider here the bank's actions relating to the two loans. And as I have not found loan 1 was given irresponsibly I cannot instruct any changes be made to how that loan has been reported to the agencies.

With regards Mr D's CCJ, irrespective of the outcome of the complaint, this service does not have the powers to set aside a CCJ, or to change the amount outstanding under a CCJ, or the reporting of it to the credit reference agencies. The court decided the judgment was appropriate and Mr D would need to have challenged that with the court.

Mr D asked for financial compensation for the impact of NatWest's lending decisions on him. I can only look here at redress relating to loan 2 and I am satisfied that the redress already actioned is fair, and in line with our approach in such circumstances, so I am making no



further award.

Finally, I am sorry that Mr D went on to have financial difficulties and that this caused significant stress for him. I hope he now has the support he needs. If not, he may find it helpful to seek support from an organisation that can offer free debt management advice such as StepChange (tel: 0330 055 2198) and/or MIND (tel: 0300 123 5393) for support with mental health issues.

### **Putting things right**

As I have said NatWest has already completed the steps below and no additional payment is needed.

I think it was fair and reasonable for Mr D to repay the capital that he borrowed, because he had the benefit of that money. But he had paid interest and charges on a loan that shouldn't have been provided to him. So NatWest has:

- Refunded all interest and charges and deducted this sum from the capital amount of the loan.
- Removed any adverse information recorded on Mr D's credit file in relation to loan 2. We instructed this to happen once any outstanding capital was repaid.
- As reworking Mr D's loan account resulted there being a capital balance outstanding NatWest needs to now (if it hasn't already) agree an affordable repayment plan with Mr D.

### **My final decision**

I am upholding Mr D's complaint in part with regards to loan 2. National Westminster Bank Plc must put things right as instructed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 30 June 2025.

Rebecca Connelley  
**Ombudsman**