

The complaint

Mrs W complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (“NatWest”) lent to her irresponsibly in relation to three loans.

What happened

I’ve created a table of the lending showing the three loans in brief.

Loan	Approved	Amount	Total to repay (rounded)	Term	Monthly repayments (rounded)
1	12 April 2021	£9,000	£13,052	60 months	£218
2	18 September 2021	£9,000	£13,299	60 months	£222
3	16 January 2022	£7,000	£8,604	63 months	£143

The loans were taken concurrently. None of the loans are closed. None have current arrears. Although in April 2024 and through to February 2025 NatWest had to write to Mrs W to explain she’d missed some payments. Mrs W appears to have made those payments now.

The repayments have increased due to interest rate changes and so Loan 1 is costing Mrs W £221 a month, Loan 2 is costing £228 each month, and Loan 3 is costing £145 a month.

After Mrs W had complained she received a final response letter from NatWest which gave reasons why it did not uphold her complaint. Mrs W referred it to the Financial Ombudsman Service where one of our investigators thought that the loans had been approved responsibly. Mrs W disagreed and asked for an ombudsman to review it. A second investigator reviewed the new information and submissions Mrs W had sent and the opinion did not change.

The unresolved complaint was passed to me to decide.

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.

We’ve set out our general approach to complaints about unaffordable/irresponsible lending - including all of the relevant rules, guidance and good industry practice - on our website. And I’ve used this approach to help me decide Mrs W’s complaint. NatWest needed to make sure it didn’t lend irresponsibly. In practice, what this means it needed to carry out proportionate checks to be able to understand whether Mrs W could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for checks to be less thorough – in terms of how much information is gathered and what is done to verify it – in the early stages of a lending relationship.

But we might think more needed to do be done if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So, we'd expect a firm to be able to show that it didn't continue to facilitate a customer's loans irresponsibly. Mrs W's net income was at a good level.

Mrs W's main concerns are that NatWest was her bank and asking it for three loans in a short space of time ought to have alerted it to there being a problem. It would have seen her outgoings from her current account and it ought to have viewed the credit file history and spotted she said she had taken 'huge payday loans' in previous years and had missed payments.

NatWest have provided me with an excel spreadsheet of the information it used to assess Mrs W's applications and her main NatWest sole current account transaction list from which I can see her income and outgoings. Mrs W has provided us with a copy of her personal credit report – dated November 2024 - which, in the absence of the credit report findings NatWest said it relied on I consider it fair and reasonable that I use that personal credit file for details.

Applications

Loan 1 - NatWest received Mrs W's application online and her declared income was £4,500 a month after tax. Mrs W said that she had £600 a month outgoing for a mortgage. NatWest carried out a search – the details of which it has not been able to send to us – which indicated to it that Mrs W spent £248 a month on other external loan repayments. There's no other information other than the reason for the loan was given as 'home improvements'.

For Loan 2, the application information I've received from NatWest was similar: her income was £4,000 a month after tax, she spent £600 a month on a mortgage and her external loan repayments each month were £464. Mrs W gave the reason for the loan as 'refinance'.

For Loan 3 her income was declared as £4,050, her mortgage cost was the same and her external loan repayments were £438. The reason for the loan was given as 'home improvements'.

Assessments

The personal credit report from Mrs W dated 5 November 2024 covers the period of the three loans applications. I looked to see if what Mrs W is explaining about her poor credit history is correct. Several loan applications and credit cards have been applied for (and approved) by Mrs W *after* the approval of the NatWest Loan 3. Mrs W took a hire purchase (HP) agreement in March 2022 which post-dates these NatWest loans. More recently Mrs W has taken high cost short term loans and has used deferred credit accounts – meaning 'buy now pay later'. But these all postdate the three NatWest loans and are irrelevant. So, I do not consider that before Mrs W took each of these three NatWest loans her credit report showed, or would have shown to NatWest, that she was relying on payday loans or external high cost credit, or was experiencing financial issues.

At the time of applying for the NatWest loans, Mrs W had a joint mortgage with her husband and had done since November 2020. It was with NatWest and so it would have been aware that the cost was shared. The personal credit report Mrs W has sent shows it was around £1,655 a month, but interest rates have altered a lot since November 2020 and as it was a NatWest mortgage I am satisfied that £600 a month as Mrs w declared for the mortgage cost was about right.

Mrs W's personal credit file demonstrates to me that she also had just closed a current account with a different high street bank in March 2020 and had closed a relatively modest loan in March 2020 with no repayment issues recorded. At the time of the NatWest Loan applications Mrs W had four credit accounts/cards, a mail order, a loan plus telecoms and insurance accounts. None of these had any repayment issues and when those repayment concerns arose these were in 2024 which were after Mrs W had applied for the loans with NatWest. So, her credit report was good.

For Loan 1, I consider that NatWest carried out proportionate checks. Because I've been able to view Mrs W's personal credit file which gives me insight into what Mrs W already had by way of credit accounts when she applied for Loan 1, then I do not consider that this would have alerted NatWest to having to carry out additional checks. I consider that the checks it did were enough for it to be able to assess that Mrs W could afford Loan 1. I do not uphold the complaint about Loan 1.

Loan 2: I take Mrs W's point that applying for a further loan to refinance debt and yet it was to run alongside the existing five year NatWest Loan 1, then I am not satisfied on the information provided to me by NatWest that it carried out proportionate checks.

I've summarised what Mrs W's personal credit file reveals for the period surrounding Loan 2, - similar to that for Loan 1 especially as the applications for Loan 1 and Loan 2 were so close together in time. But as Mrs W was a NatWest customer I do consider it ought to have reviewed things further. One way to do this was to have looked at her bank account transactions and as Mrs W banked with NatWest that would not have been difficult. And as I consider that additional checks ought to have been done for Loan 2, my view is the same for Loan 3 as it was a few months later.

I have reviewed the current account transactions lists sent to us by NatWest which cover the period April 2020 through to March 2025. The relevant periods are the two months or so leading up to the second and third NatWest Loans. So that would have been July and August 2021 and some of September 2021 and then – the lead up to Loan 3 - November and December 2021 and some of January 2022.

The current account transactions for July and August 2021 and up to 18 September 2021.

Mrs W's net income credited her account in those months and NatWest would have been able to confirm it as around £4,560 and £4513.

I've reviewed her committed outgoings which included school fees plan, DVLA, TV and telecommunication payments including mobile phone, insurance and interest and charges on the account – these came to £1,396. The school fees increased by £235 from August 2021 and I have factored that in. Plus, Mrs W was paying for the existing NatWest Loan 1 (£217) and payment to another lender of £248 and her credit card payments were relatively modest at around £46. This all added up to £2,142 (including the higher school fees element).

Mrs W has said that she was paying £1,000 a month to her mortgage. I think it likely was less than £1,000 a month. As I've already established that NatWest was aware of this joint liability she had then I do consider that adding in a further £800 (based on the recent mortgage cost figure of £1,655) likely was about right for Loans 2 and 3. This takes Mrs W's committed outgoings to £2,970 a month still leaving her with enough to pay for the loans.

The bank transactions do show transfers out to what appear to be another account or are regular transactions with a reference *5798 attached. If these were to another account then I have not been supplied with details of that by Mrs W. And it may be I do not have the full picture. But Mrs W has brought this complaint and has known that the complaint was being passed to me. So, I consider Mrs W has had time to send what she needed to present. In the circumstances I have proceeded with the information I have on file. I've also used the other complaint file details. I consider that I can make a fair decision with what I have.

Mrs W says that she was drawing cash from a credit account (the one that used to be based abroad). She's pointed to one or two transactions which she says demonstrate this. Mrs W has given us specific dates in May, June and December 2021. The current account transactions list does show credits from that other credit account on those dates. But I also note that on two of those occasions these exact sums were transferred out immediately. So those look to have been used to pay for something. Which effectively appears to have been a different way to pay for a transaction.

And in any event, I agree with our investigator: the checks I'd expect NatWest to have made (even with additional checks) were required to be proportionate. And I'd not expect a full financial review of every aspect of Mrs W's financial affairs especially when her current credit standing was good and there were no indications of any financial issues at that stage.

I am aware that Mrs W has told our Service that she would prefer not to have to keep explaining about the multiple complaints she has brought to us as it produces stress for her. So, with this in mind, I have used the information we have on those other complaint files to assist me here. We do not have any details about the use of the credit account with a company which used to be based abroad (to which I referred earlier) but we do have credit card statements for one of the cards she held.

Using those, I have managed to trace what the loan monies for Loan 2 (and in fact Loan 3) likely were used for. Effectively they were credited to the current account which was overdrawn by the time she was applying for the loans and so the funds paid off her overdraft on both occasions. And then the rest, or most of the rest of the funds (for Loan 2 and Loan 3), were paid to one of her credit cards. We have a complaint about that card and I have statements from that company. Mrs W's husband was a second card holder on the account. And I have been able to cross refer the payments made to that credit card in September 2021 and in January 2022 which correlate with debits showing in her current account.

In any event, the minimum repayments on that credit card were much lower than the actual repayments she was making. And so, the requisite monthly minimum repayments which I consider would have been fair and reasonable for a lender such as NatWest to factor into its assessment, were more like £45 to £92 and not several thousand pounds as Mrs W contends. This has been explained to Mrs W in earlier views from our investigators.

As Mrs W had said to NatWest that Loan 2 was going to be used to refinance some other debt, then my own research has shown that Mrs W did use the funds for that. And so, she reduced her debt elsewhere. Had NatWest asked Mrs W about this then it would likely have been satisfied that Loan 2 was going to be used to reduce debt elsewhere. And that places the application for Loan 2 into context.

The current account transactions for November and December 2021 and up to 16 January 2022.

These transactions were similar in income and in outgoings to those outlined in the earlier paragraphs.

Mrs W has told us of high payments to one credit card and as I have said earlier, I've been able to review those credit card statements. The minimum repayments on that credit card for December 2021 and January 2022 were much lower than the actual repayments she was making. And so, the requisite monthly minimum repayments which I consider would have been fair and reasonable for a lender such as NatWest to factor into its assessment, were more like £45 to £92 and not several thousand pounds as Mrs W contends.

Overall, I consider that for Loans 2 and 3 NatWest could have and probably ought to have checked into her outgoings. And I think if it had done this, it would have discovered that she could afford the loan repayments. Especially as for Loan 2 Mrs W had told NatWest it was to refinance other debt (as she appears to have done) which means that the debt elsewhere

would have reduced: NatWest would have known this. And Loan 3 was a lower repayment sum and still affordable when considering Mrs W's income and her committed outgoings.

I understand that Mrs W has experienced a financial downturn more recently and I am sorry to learn of this. But for these three loans I do not consider that NatWest lent irresponsibly.

I do not uphold the complaint.

My final decision

My final decision is I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 14 November 2025.

Rachael Williams
Ombudsman