DRN-5584445

The complaint

Miss G complains The Royal Bank of Scotland plc (RBS) failed to carry out proportionate financial checks before it approved a credit card facility for her.

What happened

Miss G says she applied for a credit card facility with RBS in July 2019 and it approved a facility of £1,250. Miss G says it failed to carry out sufficient financial checks before approving the credit card account and if it had it would have shown she had high cost lending a few months before her application, evidencing that the new credit being offered was unaffordable to her.

Miss G wants RBS to refund all interest and charges debited to the credit card account along with 8% simple interest and any adverse entries on her credit file relating to this to be removed.

RBS says it's a responsible lender and carried out various checks before approving the credit card account to Miss G, including data provided by established credit reference agencies (CRA's), affordability assessment modelling and details contained in Miss G's credit card application, where she declared a net monthly income of £1,200.

RBS says its checks showed there were no defaults, missed payments, CCJ's or bankruptcies reported. RBS mentioned Miss G had maintained a current account with them prior to the application. RBS says Miss G's application met its stringent eligibility and affordability checks and didn't agree it had acted irresponsibly.

Miss G wasn't happy with RBS's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint.

The investigator says there are no set list of checks lenders like RBS must undertake before offering credit facilities but these must be borrower focused and should consider the type, cost, amount and term of the lending. The investigator says from the information he had seen, RBS had used data provided from CRA's and the information declared by Miss G in her credit application, alongside an affordability assessment.

The investigator says the data RBS relied on didn't trigger any adverse flags or risk indicators that would require manual intervention and didn't show any high cost lending outstanding at the time and the new facility looked affordable.

The investigator pointed out that different CRA's can hold varying information and RBS's checks didn't show any high cost lending repayments at the time and it could only rely on the information available to it, so it couldn't factor this into their lending affordability assessment.

The investigator says he could find no evidence to suggest RBS had lent irresponsibly here.

Miss G didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I was sorry to learn that Miss G is experiencing financial issues and that must be a source of worry to her.

When looking at this complaint I will consider if RBS carried out reasonable and proportionate financial checks before it approved a credit card facility of £1,250 to Miss G in July 2019.

Both Miss G and RBS have provided this service with comprehensive details of the course of events here and while that has proved helpful, I won't be commenting on every point made as I don't feel it's necessary in order to come to a full and impartial decision here. That's not to say I haven't considered everything that's been said – I have. But it's just that I don't need to comment on each individual point here in order to reach a decision on what's fair and reasonable.

The first thing to say here is there are no set rules of what checks banks like RBS must undertake when looking to provide credit facilities to its customers, other than these are borrower focused, proportionate and should consider the type, cost, amount and term of the lending.

From the information I have seen, RBS used a range of different data sources before it approved the credit limit of £1,250 and these included the information from Miss G's application form, CRA's data and industry standard affordability modelling.

I can see that part of the data provided to this service by RBS was an extract of Miss G's credit file from a leading CRA, which showed no recent adverse credit information, such as missed payments, defaults, CCJ's or undue credit pressure, nor did it show the high cost lending outstanding that Miss G refers to.

From that data I can see RBS carried out an affordability assessment taking into account Miss G's declared income of £1,200 per month and used data from industry wide sources regarding expected expenditure costs. These indicated low debt to income ratios and a reasonable level of net disposable income.

While I understand Miss G says she had high cost lending committed at the time of the credit card application, like the investigator all I can say is RBS did carry out credit reference checks using a leading CRA and this debt wasn't evident from that search so it wouldn't be reasonable for me to ask it to consider information it wasn't made aware of.

Having said that, looking at the credit file provided by Miss G, the high cost borrowing she referred to seems to have been repaid two months prior to the credit card approval here, so it may be why this didn't appear on the search provided by the CRA, as different agencies can provide different data to lenders.

In fact, from the credit report Miss G provided, the repayments of that borrowing weren't part of her commitments at the time she applied for the credit card with RBS as she correctly declared in her application, as this had been repaid two months earlier, and from what I can see the repayments were made on time. But as I mentioned earlier this data wasn't visible to

RBS from the data extract it relied upon.

It’s also reasonable to say given the level of credit being provided here, I wouldn’t expect RBS to carry out the same level of financial due diligence one might expect for say a sizeable loan over several years and I’m satisfied the level of checks it undertook here were proportionate and reasonable.

I’ve also considered whether RBS acted unfairly or unreasonably in some other way given what Miss G has complained about, including whether its relationship with her might have been unfair under s.140A Consumer Credit Act 1974. However, for the same reasons I have set out above, I’ve not seen anything that makes me think this was likely to have been the case.

While Miss G will be disappointed with my decision, I won’t be asking anymore of RBS 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 G to accept or reject my decision before 4 August 2025.

Barry White
Ombudsman