

The complaint

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

What happened

Miss T was provided with a £2,000 loan by NatWest in November 2022. The loan term was 63 months (which included a three-month payment holiday) and Miss T was required to make monthly repayments of £64.92.

Miss T said that at the time she applied for the loan she was already struggling with spiralling debt. She said the loan wasn't affordable and she missed several payments making her financial situation worse. She said she had other loans outstanding at the time as well as credit card debt and NatWest would have seen from her bank account that she was in financial difficulty, using her overdraft and paying off other loans.

NatWest issued a final response to Miss T's complaint dated 29 November 2024. It said that before the loan was provided it asked Miss T about her monthly income and expenditure. It validated her declared income using Miss T's bank account data and relied on the information Miss T provided, along with data from the credit reference agencies, to estimate her expenses. NatWest said that based on the information received, Miss T's loan application was approved without further checks being required. NatWest explained that Miss T's loan was settled early in February 2024 and there was only one missed payment which was corrected within the month.

Miss T said she was only able to repay her loan due to receiving an inheritance. She referred her complaint to this service.

Our investigator reviewed the checks NatWest completed at the time of Miss T's application. He didn't think that the income and expenditure assessment should have raised concerns and said there was no recent adverse information recorded on Miss T's credit file. Given this he found the completed checks were reasonable and proportionate and based on the checks he found the loan appeared affordable. Therefore, he didn't uphold this complaint.

Miss T asked for her complaint to be referred to an ombudsman for a decision to be issued.

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 T was provided with a £2,000 loan by NatWest. The monthly repayments were around £65. Before the loan was provided, NatWest asked Miss T about her income and validated this using her current account data. It also asked about her expenses and used the information received along with data from the credit reference agencies in its assessment. This resulted in Miss T's disposable income being calculated as around £638. A credit search was undertaken which showed no adverse data recorded such as defaults or county court judgments.

Given the size of the loan and the repayments compared to Miss T's validated income, I think the checks carried out were reasonable. However, as I haven't seen the details from the credit check, I have considered the data in the credit report provided by Miss T along with the other information provided, including details from Miss T's bank account statements, to understand what the checks would have identified.

Miss T declared a monthly income of £1,300. Having looked through Miss T's NatWest statements I cannot see evidence of a regular income although there are frequent payments from individuals into the account as well as other recurring receipts (but not monthly). However, Miss T has also provided copies of statements from another bank account, and these show a regular income of around £1,300. Therefore, I think it reasonable that Miss T's declared income of £1,300 was used in the affordability calculations.

Miss T's expenses in her NatWest and other bank account are limited and include costs such as pet insurance, dental cover and communications and leisure payments. There are also payments for general living costs such as food and travel. Having looked through these, I find the expenses figure used by NatWest of around £620 to be reasonable.

Miss T has provided a copy of her credit report. This shows that at the time of the NatWest loan being given she had bank accounts, a credit card and a home retail account. There was no negative information recorded and based on the information in the credit report I find the NatWest calculation of around £43 for Miss T's credit commitments to be reasonable. Miss T said she had several other loans outstanding at time. While I can see from her credit report that Miss T had previously taken out short-term loans these had been settled without issue before the NatWest loan application. So, based on the evidence I have seen, I do not find that Miss T was overindebted or that her credit report showed her to be struggling with her commitments.

Miss T has said that NatWest should have seen from her bank account that she was struggling financially. While I note that Miss T had an overdraft facility, she wasn't in her overdraft in the months leading up to the loan being provided and there were no other signs of financial difficulty such as returned payments recorded in her account. Therefore, I do not find that Miss T's NatWest account statements showed that she was struggling financially.

Taking everything into account, I do not find I can say that the loan was provided irresponsibly, therefore I do not uphold this complaint.

I've also considered whether NatWest acted unfairly or unreasonably in some other way given what Miss T has complained about, including whether its relationship with her 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 NatWest lent irresponsibly to Miss T 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 T to accept or reject my decision before 3 September 2025.

Jane Archer
Ombudsman