

The complaint

Mr M complains that National Westminster Bank Public Limited Company, trading as NatWest Boxed, acted irresponsibly when he applied for a loan.

What happened

Mr M explains that he suffers from mental health issues including severe depression and anxiety and that he'd provided NatWest Boxed with information on his vulnerability and other personal issues.

In February 2025, Mr M applied for a NatWest Boxed personal loan for £11,500, over a 60-month period, using their on-line service. Mr M explains this was to pay for legal costs for personal matters.

On 17 February 2025, NatWest Boxed approved Mr M's loan application with the first monthly repayment amount of £301.30 being due on 1 April 2025.

On 25 March 2025, which was after the cooling off period and prior to the first repayment, Mr M complained to NatWest Boxed. He said NatWest Boxed hadn't completed sufficient checks and the personal loan was unaffordable. Also, the loan was for legal fees and therefore shouldn't have been provided. In addition, NatWest Boxed's 'Banking My Way' notes should've triggered an intervention as it *'includes struggles around finances'*. Mr M requested NatWest Boxed remove all interest and compensate him for upset and distress.

NatWest Boxed didn't uphold Mr M's complaint as they were satisfied they hadn't done anything wrong and that their lending decision was correct.

As Mr M was dissatisfied with NatWest Boxed's response, he brought his complaint to our service. Our investigator didn't think NatWest Boxed had done anything wrong. He considered Mr M's bank account to be well run and the loan to be affordable. Although he noted records stating that Mr M would like extra support when speaking to a Natwest Boxed member of staff, he hadn't seen any evidence that Mr M was unable to manage his finances on his own or that he required someone to act on his behalf.

When responding to our investigator and asking for his complaint to be considered by an ombudsman, Mr M said the following hadn't been fully considered:

- He had issues, which can be seen in past contact, and struggled with an overdraft in 2024.
- His financial struggles were easily identifiable given that he had not long prior to applying for the loan, increased his credit card limit.
- The impact of his health concerns on his financial stability.

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, my decision is not to uphold this complaint, and I'll explain why.

I should first say I'm very sorry to hear that Mr M feels the loan is unaffordable and that he has experienced financial and mental health difficulties. Also, I've carefully considered all the points Mr M has made and I've focused on what I think are the important points to reach a final decision.

Regarding Mr M's mental health issues, there is a disparity between the information Mr M says NatWest Boxed had in their 'Banking My Way' (method of assisting vulnerable customers) records and the information included in NatWest Boxed submissions. Mr M says that he provided NatWest Boxed with the following four records, and appears to have obtained these from NatWest Boxed, however NatWest Boxed only have two records which are B and C:

A. 24 June 2024:

- *I have a mental health condition or disability. Please be patient with me.*

B. 24 June 2024:

- *I have low knowledge or confidence in managing finances. I may need additional support with my finances when speaking with you.*

C. 4 July 2024:

- *I have had a change in my family, relationship or business circumstances. I may need additional support with my finances when speaking with you.*

D. 4 July 2024:

- *I am getting divorced or have had a change in my family circumstances. I may need additional support with my finances when speaking with you.*

If NatWest Boxed had all four records, records B, C and D all say he 'may need additional support' 'when speaking' and record A asks them to be patient. However, when he applied for the loan, Mr M didn't use the on-line support or telephony services which was available or visit a branch (another option). Instead, he chose to use an on-line application which he could consider in his own time.

Considering all four records, and that I can't see NatWest Boxed had any more information including medical evidence of Mr M's mental health difficulties, I think the following statements from NatWest Boxed are fair and reasonable:

- *'We as a bank have to assume under the Mental Capacity Act 2005 that the applicant has capacity to make their own decisions. We can't discriminate against any customers who have vulnerabilities or health issues and if they do wish to apply for borrowing, we have to allow them to without prejudice unless there is a capacity issue or court of protection order in place.'*
- *The 'markers are for branch staff or members of our telephony services to identify customers who may need additional support when discussing accounts. If a customer is making an online application then the information is provided to them as they make the application along with help buttons to provide more detailed information. If a customer cannot complete the application, then they can visit a branch'.*

So, regarding the 'Banking My Way' information, I wouldn't have expected NatWest Boxed to have put in place an intervention and therefore have had any additional information on the purpose of the loan.

Regarding the loan purpose, I found the on-line customer journey does request a broad reason and more detailed information is easily available on-line about what customers can and can't use the loan for. So, considering this, I don't think the following NatWest Boxed statements are unreasonable

- *'The funds are provided in good faith based on your reason for taking the loan and we have to assume that they will not be used for one of the reasons mentioned above such as solicitor fees or legal costs'.*
- *'The bank cannot take responsibility for how any customer chooses to utilise their loan funds once they have been provided.'*
- *'Digital Banking provides lots of information on our lending products before a customer makes the application including what lending can be used for and how the process works. The additional support for lending is available for a customer to read online and it is expected that a customer who cannot read or has difficulty in understanding would have by this point asked for support. By the time an application is started it would be fair to assume they have read all the material available, discussed any concerns they have and are clear about why they want the lending and what they will do with it when they receive it. If a customer doesn't approach us then we cannot help'.*

Furthermore, NatWest Boxed say that had Mr M used NatWest Boxed's telephony or visited a branch *'he would have been told that court fees are an acceptable purpose as long as it is not related to criminal activity/proceedings'.*

Regarding the loan, Natwest Boxed needed to take reasonable steps to ensure it didn't lend irresponsibly. Rather than approach the loan application from the perspective of the likelihood of getting its money back, they had a responsibility to ensure that the loan repayments wouldn't cause Mr M undue difficulty or significant adverse consequences.

That meant Mr M should've been able to meet repayments out of normal income without having to borrow to meet the repayments, without failing to make any other payments he had a contractual or statutory obligation to make and without the repayments having an adverse impact on his financial situation.

Natwest Boxed's checks had to be 'proportionate' to the specific circumstances of the loan applications. In general, a proportionate affordability check will be dependent upon factors such as the particular circumstances of the consumer, including their current situation and any indications of vulnerability or financial difficulty and the amount and cost of credit they are seeking.

I looked closely at the information Natwest Boxed gathered and the checks they undertook. I'm satisfied their checks were proportionate. This is because I can see they gathered current income and expenditure information from Mr M and then undertook checks with a credit reference agency and then verified key financial information, which including accounts with them, to identify any affordability risks.

Regarding NatWest Boxed's lending decision and the disposable income they calculated of £1,299, although I think their checks were proportionate and didn't require them to analyse Mr M's bank statements, and I recognise it can be difficult for a financial firm to interpret statements, I looked closely at these for the months prior to Mr M's loan alongside NatWest Boxed's data and our investigator's analysis.

I found Mr M's income to have an irregular flow and for the period before the loan application couldn't see that the £4,000 monthly income amount Mr M entered on his application was accurate. However:

- I think it was fair and reasonable for Natwest Boxed to have relied upon the information Mr M gave them and because of the flow I could understand how their

proportionate credit agency checks didn't pick this up.

- Even if Natwest Boxed had scrutinised bank statements, as stated by our investigator, when considering a lower average income figure, I found there was still sufficient disposable income for both the loan and other monthly expenditure.

Considering the above 'Banking My Way' vulnerability information NatWest Boxed held together with difficulties Mr M had shared approximately eight months earlier about his health, personal situation and inability to work full time, I deliberated over whether Natwest Boxed should've done more and intervened to discuss Mr M's loan application with him.

For the following reasons I'm not persuaded that they should've:

- Natwest Boxed didn't have any information that Mr M didn't have the mental capacity to make decisions, and the support requested in the 'Banking My Way' is about support he may need when speaking to them.
- There were communication methods available to Mr M to contact Natwest Boxed, if he wished, before going ahead with the loan application. But Mr M chose to apply online, and I can't see that he asked to speak to them.
- As NatWest Boxed point out, they can't discriminate against any customers who have vulnerabilities or health issues and, if they do wish to apply for borrowing, they have to allow them to without prejudice.
- Mr M clearly required the loan as he submitted an application and it was for one of the reasons he listed in 'Banking My Way'. And Natwest Boxed gave Mr M a 14-day cooling off period and prior to receiving the loan. Also, the credit contract, which he agreed to, said, *'Before signing anything, you should make sure you can afford your monthly repayments'*.
- The above-mentioned difficulties around vulnerability were more than six months earlier and the file information shows that, at the time of applying, I can't see there were any concerns about Mr M's accounts.
- The available credit report information doesn't show any concerns or adverse information being flagged.
- Increases and use of overdrafts or credit cards aren't automatic indicators of financial issues.

So, having considered the above and all the information on file, I'm sorry to disappoint Mr M but I also can't see that Natwest Boxed have done anything wrong here and I'm not upholding this complaint.

My final decision

My final decision is that I'm not upholding this complaint against NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY trading as NatWest Boxed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 September 2025.

Paul Douglas
Ombudsman