

## **The complaint**

Mrs T complains that UK Credit Limited trading as Norwich Trust was irresponsible in its lending to her and then didn't provide her with a reasonable level of support when she contacted it about her financial difficulties. She wants an affordable payment plan and the interest to be frozen.

## **What happened**

Mrs T was provided with an £11,000 loan in March 2023. The loan term was 96 months, and the monthly repayments were £276.54. Mrs T said that the loan was taken out to try to ease her financial burdens and pay her priority bills. She said the loan shouldn't have been provided and exacerbated her financial difficulties.

In December 2023, Mrs T said that she contacted Norwich Trust to explain her financial difficulties and request a payment plan be put in place and the interest on the loan frozen. She submitted an income and expenditure form and said that she was told she would need to provide copies of her bank statements. Mrs T explained that her statements were for a joint account and as the assessment was on her affordability she didn't think this would give a clear indication of her situation. She said that Norwich Trust was inflexible in its approach but despite this she continued to pay £30 a month and more when possible. She said she has experienced months of harassment.

Norwich Trust issued a final response to Mrs T dated 1 July 2024. It explained that before providing the loan it carried out creditworthiness and affordability checks using data from the credit reference agencies and open banking data showing Mrs T's transactions from the previous 12 months. The loan's purpose was said to be for consolidation, and it noted that on the call with the underwriter Mrs T said she would be reducing non-essential spending. It said that based on its checks the loan was affordable.

Norwich Trust noted that Mrs T contacted it in December 2023 to say she couldn't afford the loan repayments due to a rise in living costs. It carried out a check and found that the Norwich Trust loan hadn't been used to consolidate other debts as intended. Norwich Trust noted the contact between Mrs T and itself and said it had no evidence that it had sent communications of a harassing nature and said that it had tried to work with Mrs T.

Mrs T referred her complaint to this service.

Our investigator initially upheld this complaint. But after further correspondence from Norwich Trust, she changed her view to not upholding the complaint. She thought that Norwich Trust had carried out a thorough income and expenditure assessment and that while this resulted in a relatively low amount of disposable income after Mrs T's costs, she thought it reasonable that the loan was considered affordable.

Our investigator noted the comments Mrs T had made about difficulties setting up a payment plan. However, she thought the request for bank statements was due to Norwich Trust wanting to ensure any payment plan would be affordable for Mrs T. She noted that a payment plan had been agreed.

Mrs T didn't agree that her complaint shouldn't be upheld. She said the lending decision was based on a run through of her bank statements and information she provided, with no other evidence. She said that the view allowed Norwich Trust to resume its aggressive practices of constantly contacting her for full payment or sight of her and her husband's joint financial documents. She said her husband was not taken into account on application for the loan, or the income and expenditure form but Norwich Trust still wouldn't let her remove his financial information from the joint bank statements.

Regarding the setting up of the payment plan, Mrs T said that she initially sent a joint income and expenditure form, but she was told that it had to be completed with just her information. She then submitted her income and expenditure form which had a much lower income, and she was asked to provide bank statements. There was lots of back and forth regarding this and then a call. She said she went through her income and expenditure, and then the amount she could afford based on that and was told she should pay £165 a month, even though this wasn't affordable. She explained she offered to pay £100 which could be increased when she had repaid other debts and said this was reluctantly accepted.

Our investigator responded to Mrs T's comments but as these didn't change her view, and a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue a 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.

Mrs T's complaint has two parts. The first relates to the initial provision of the loan and whether this was responsibly lent. The second relates to the support she received when she contacted Norwich Trust about her financial difficulties. I have dealt with both parts of the complaint below.

#### *Irresponsible lending*

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.

Mrs T was provided with a substantial loan, £11,000, repayable over 96 months and so I think it reasonable to expect a thorough review of her circumstances to have been undertaken before the loan was provided.

Norwich Trust carried out a credit check and had access to 12 months of account transactions showing income and outgoings from Mrs T's joint account. A call took place on which Mrs T was taken through all of her credit commitments, and she explained the ones she intended to clear with the Norwich Trust loan. She confirmed her income and also the expenses she was responsible for. I find that these checks were proportionate and gave Norwich Trust a clear understanding of Mrs T's financial circumstances. I note Mrs T's comment about Norwich Trust relying on her answers but in this case, as the bank statements were used as the base for the income and expenditure discussion and these

clearly showed another income paid into the account aside from Mrs T's I think it reasonable that it accepted Mrs T's explanations when she said she shared certain costs or they were covered by her husband.

However, just because I think the checks were proportionate it doesn't necessarily mean that the loan should have been provided. I have considered the information received to assess whether this should have raised concerns that the lending wouldn't be affordable for Mrs T over the loan term.

Mrs T's credit report showed she had outstanding amounts on credit cards and loans. She had no defaults or other adverse data recorded and her accounts were up to date. Mrs T said the purpose of the Norwich Trust loan was debt consolidation and she noted on the underwriting call the debts she would be clearing, including all of her credit cards. Norwich Trust made it clear that it was factoring the debt consolidation into its assessment and that Mrs T was responsible for clearing the debts after the loan proceeds had been provided and that if this didn't happen the Norwich Trust loan may not be affordable. Mrs T accepted this. Given Mrs T's credit report didn't show any issues in how she had been managing her accounts, and she had confirmed her plans for debt consolidation, I do not find that Mrs T's existing credit commitments meant the loan shouldn't have been provided.

Norwich Trust went through an income and expenses assessment with Mrs T and this identified her monthly income as £1,658 and her essential outgoings, including payments for food, travel, clothing, children, ongoing credit commitments, and other essential payments such as her contribution to costs including the mortgage, utilities, insurances and communication contracts as around £1,190. This left Mrs T with disposable income of around £190 after the Norwich Trust loan repayments. While this is a relatively low amount of disposable income, noting the costs that had been included in the assessment, I do not find I can say that Norwich Trust was wrong to find the loan affordable for Mrs T.

So, while I know this isn't the outcome Mrs T wants, in this case I find the checks undertaken before the loan was provided were proportionate and as these suggested the loan to be affordable for Mrs T, I do not uphold this part of her complaint.

### *Support*

Mrs T didn't use the loan to repay her existing credit commitments, and she has explained that her increased credit costs along with the increased cost of living meant that she was unable to maintain her repayments. She contacted Norwich Trust in December 2023 to explain her situation and to request a payment plan and for the interest on her loan to be frozen. I understand that Mrs T didn't think that Norwich Trust assisted her at this time, but having looked through the communication, I can see that it did try to work with Mrs T.

Mrs T initially provided an income and expenses form based on both her and her husband. She was then asked to provide this based on just her income and costs and to provide copies of bank statements or a link to her accounts. I understand Mrs T's comment about her bank statements being joint account statements and that she thought she shouldn't need to provide these. But I can also see that the information she provided to Norwich Trust showed her to have a negative surplus. So, I accept that Norwich Trust would need to be satisfied that any payment plan put in place would be affordable for Mrs T and I think it reasonable that it asked for further evidence for it to fully understand the situation before putting a plan in place.

While I do think that Norwich Trust could have stopped requesting information that Mrs T had said she wasn't going to provide and instead considered if there were any possible alternative ways to come to an arrangement, the main reasons for the delay in setting up a

payment plan was Mrs T not providing the information that had been requested. As a payment plan has now been agreed, I find this does resolve this issue and, in this case, I do not require Norwich Trust to take any further action in response to this part of Mrs T's complaint. I would, however, remind Norwich Trust that it is required to treat Mrs T positively and sympathetically going forwards in regard to any discussions regarding Mrs T's outstanding balance.

I've also considered whether Norwich Trust acted unfairly or unreasonably in some other way given what Mrs T has complained about, including whether its relationship with Mrs T might have been viewed as unfair by a court under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Norwich Trust lent irresponsibly to Mrs 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 Mrs T to accept or reject my decision before 24 July 2025.

Jane Archer  
**Ombudsman**