

## **The complaint**

Mr G complains The Royal Bank of Scotland Plc (“RBS”) irresponsibly lent him a loan that caused him to be in financial hardship.

## **What happened**

In April 2023 Mr G applied for a loan with RBS. The application was approved, and he was given a loan for £25,000 over 99 months with a monthly repayment amount of £437.66. Mr G told RBS the reason for the loan was debt consolidation. In June 2024 the loan was repaid early, in full.

Mr G complained to RBS around February 2025. He said RBS never should’ve given him the loan, it was unaffordable, and they didn’t do adequate checks. He said he wasn’t asked for proof of his income, and he banks with them, so they should’ve seen his financial position.

RBS responded to his complaint in March 2025. They didn’t uphold it. They said Mr G met their internal checks, so manual checks to approve the application weren’t required. RBS said Mr G declared a monthly income of £3,400 and they completed a Credit Reference Agency (CRA) check and considered their internal history with Mr G. Having done so, they were satisfied the loan was affordable.

In the same month, Mr G referred his complaint to our Service because he was unhappy with the response he received. An Investigator here looked into things. They found that RBS’ checks weren’t proportionate as they were unable to provide any details of what the CRA checks showed. They found that the loan was used for debt consolidation, and having done so, it put Mr G in a better position than he was before the lending.

Mr G didn’t agree. He said RBS didn’t ask him for payslips or statements, he heavily relied on his overdraft, and he had to borrow money from family and friends. He also raised some points around RBS still writing to him to offer loans.

Because an agreement couldn’t be reached, the complaint has been 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.

Having done so, I’ve reached the same outcome as the Investigator. I know this will likely disappoint Mr G, so I’ll explain my reasoning below.

I want to start by saying that it’s very clear to me just how important this matter is for Mr G. He has set out his position in great detail and has provided lots of supporting information. I think it’s important I explain that whilst I have read and considered all the information provided by both parties, I’ve outlined my findings in considerably less detail. I don’t mean any discourtesy by this, rather this reflects the informal nature of our service.

The rules and regulations in place at the time RBS provided Mr G with the loan required them to carry out a reasonable and proportionate assessment of whether he could afford to repay what he owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means RBS had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Mr G. In other words, it wasn't enough for RBS to consider the likelihood of them getting the funds back or whether Mr G's circumstances met their lending criteria – they had to consider if Mr G could sustainably repay the lending being provided to him.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether RBS did what was needed before lending to Mr G.

RBS say they completed a CRA check, looked at their internal relationship with Mr G and verified his income by taking an average turnover through the account. However they've been unable to share the results of these checks with our Service, other than to say Mr G passed.

Therefore, it follows that I can't say their checks were proportionate. And I now need to recreate what proportionate checks would've shown at the time. Mr G declared his monthly income as £3,400 per month, and that the loan would be used for debt consolidation. He also declared information about his expenditure. The total was around £2,500 before RBS made adjustments based on inflation. This would leave Mr G with a monthly disposable income of around £900.

To help us piece together what proportionate checks would've shown at the time, I've reviewed Mr G's statements in the months leading up to the lending. Having done so, I think, regardless of whether RBS did a CRA check and a full income and expenditure assessment, or whether they'd asked Mr G for his statements to support his application, they would've still agreed to lend to Mr G.

I say this because Mr G's current account shows large payments incoming – yes they vary each month but they're always consistent and appear to be more than enough to cover Mr G's committed expenditure, as well as this new loan which Mr G used to reduce his other payments elsewhere. There is some overdraft usage, but not to an extent I think RBS ought to have been concerned. Mr G used the overdraft for short-term emergency borrowing before larger payments came in, which is the way in which overdraft use is intended.

Mr G has also supplied us with a copy of his credit report which shows things were in good standing at the time of lending, with no adverse information, defaults or County Court Judgements (CCJS). He sent us a screenshot of a historic default from 2014, but I don't think RBS would've seen this due to its age at the time of lending.

Based on all the above, I think although RBS' checks weren't proportionate, had they carried out proportionate checks, including a full current account review, I think they still would've lent. Particularly given that this loan was for debt consolidation.

I note Mr G's comments about the marketing literature he's receiving and I appreciate that's frustrating given that he's raised a complaint about irresponsible lending. I'd recommend he contact RBS and change his communication preferences to stop these kinds of offers coming through.

I also have considered that things appeared to get worse for Mr G after this lending, but to be fair to both parties, I need to consider what RBS would've seen at the time, and I don't think there was anything available to them that ought to have put them on notice that Mr G was experiencing financial difficulties. He also paid off the loan early, in full which demonstrates to RBS that he could afford it, even if this wasn't factually accurate.

In reaching my conclusions, I've also considered whether the lending relationship between RBS and Mr G might have been unfair to Mr G under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that RBS did not lend irresponsibly when providing Mr G with the loan. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

So while it'll likely come as a disappointment to Mr G, I won't be upholding his complaint against RBS for the reasons explained above.

### **My final decision**

It's my final decision that I do not uphold Mr G's complaint against The Royal Bank of Scotland Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 10 November 2025.

Meg Raymond  
**Ombudsman**