

## The complaint

Mr D complains about the loan application he made to Nationwide Building Society.

## What happened

Mr D says he received marketing material letting him know he was “pre-approved” for a loan. When he applied, though, Mr D’s application was declined.

Mr D complained; he said, in summary, that his application had been declined based upon something outside of his control – that being his immigration status, which he renews as and when required. Mr D thought that Nationwide’s actions, in leading him to believe he was eligible and recording a hard search on his credit file when, in fact, he wasn’t ever eligible, was unfair.

Nationwide didn’t uphold Mr D’s complaint. It said it was very sorry to hear that Mr D felt he’d been unfairly treated but, overall, it couldn’t agree that it had done something wrong. While Nationwide accepted that Mr D had received some marketing which set out pre-approval, it drew attention to how that same marketing also explained how additional eligibility criteria still applied.

Fundamentally, the issue with Mr D’s application was that he couldn’t confirm he had the right to live and work in the United Kingdom (UK) for the duration of his loan; something required under Nationwide’s eligibility criteria. Nationwide said that was all set out during the online application process too, which would’ve been shown to Mr D regardless of the marketing he’d received.

Mr D remained unhappy, and he brought his complaint to this Service for an independent review. An Investigator here considered what had happened; having done so, they didn’t think Mr D’s complaint should be upheld. In summary, the Investigator said:

- “pre-approval” doesn’t equate to a guarantee of being granted a loan – eligibility criteria and further checks, regardless of marketing communications, may still apply.
- Nationwide’s application process set out – under a section entitled “*to apply for a loan*” – how applicants needed to meet certain criteria, including the right to live and work in the UK for the term of the loan.
- Nationwide wouldn’t have known Mr D’s immigration status, regardless of what marketing material he’d been sent, and that wasn’t unreasonable. Ultimately, Mr D still had a duty to ensure he was indeed eligible to apply for a loan.
- With all of that in mind, it wasn’t unreasonable of Nationwide to record a search on Mr D’s credit file; it had assessed his application as it would do any other.
- Overall, while no doubt frustrating for Mr D, Nationwide hadn’t acted unfairly or unreasonably.

Mr D disagreed. He explained that his view was that Nationwide's marketing material strongly suggested his eligibility for a loan, and that its system failed to highlight known ineligibility before proceeding with an application.

As no agreement has been reached, Mr D's complaint has now 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.

At the outset, I'll thank Mr D for clearly putting time and effort into his submissions to our Service. It's clear that he holds significant strength of feeling over what happened and, with that in mind, it's important for me to say that I haven't commented on each and every point he's raised. Instead, I've focussed on the core of the dispute; I mean no discourtesy in doing so, my approach is simply to align with the purpose of our Service.

I'll also say that I surely understand Mr D's frustration here; he received some marketing which, no doubt, created a sense of expectation that he'd be approved for a loan. I've no cause to question what he says about that. That said, while this will be disappointing for him, I'm not going to uphold the complaint he's brought to us here. I'll explain why.

My view is that the crux of the matter comes down to communication. Mr D received some marketing material which said he'd been pre-approved for a loan; it's entirely understandable then that Mr D considered, at least at first, that he was eligible for the product. What's crucial here, though, is exactly how Nationwide set out the next steps. So, I've reviewed how things were put to Mr D.

Mr D has kindly supplied the marketing email he received, and I've noted that it explains: ***"Your loan is not guaranteed. You have been pre-approved for a loan based on what we know about you now. This illustration will not change as long as you pass our final checks, and your circumstances have not altered."***

I think that's clear enough in explaining a loan isn't promised, and it alludes to further checks being necessary before any lending is approved. Moreover, I have screenshots of Nationwide's online application process for personal loans – going back several years – which our Investigator has shared with Mr D. These screenshots clearly show how applicants must have, among other things, *"...the right to live and work in the UK for the term of the loan."*, which was the issue with Mr D's application here.

I don't have reason to think Nationwide's general criteria, incorporating that residency requirement, wouldn't have been visible during Mr D's application. Effectively, Mr D would have been required to confirm he met such criteria before moving through application screens – and based upon the screenshots I have, I think the eligibility conditions were prominently displayed at the start of the online application process.

Nonetheless, I did ask Nationwide about its criteria to understand more about it. In response, Nationwide has explained that – if it's willing to lend money to a customer – it wants to be certain the customer can remain in the UK for the duration of the agreement. Nationwide has said that's because, if a customer was to leave the UK, for example, then recovery of the debt (if not fully repaid) would be significantly impeded.

In my view, that isn't inherently unreasonable; there are, undoubtedly, risks to a business when lending money, and implementing eligibility criteria is one way to mitigate those. Without such an approach, and to use this scenario before me here, if potential customers could leave the country during the term of a loan – of their own volition or otherwise – Nationwide would be at considerable risk of never being repaid. Ultimately too, more broadly, there are several regulatory and legal obligations Nationwide has to meet which warrant additional scrutiny to applications for credit. So, in the round, I'm satisfied Nationwide has a rational approach here.

Nationwide's also explained that it can only assess residency status when the requisite documentation has been provided, which I think is reasonable. That's why, *before* a formal application is submitted and documentation/other evidence is requested, Nationwide's application process outlines the general criteria I've referenced above. Again, I'd consider that to be a logical methodology.

Fundamentally then, it isn't irrational of Nationwide to have eligibility criteria – or for lending decisions to be subject to additional checks before approval. In fact, I'd expect that to be the case; and I'm sure Mr D understands the need for such analysis too. I wouldn't necessarily say the specifics of the various checks and requirements should be set out in marketing material though, and nor would I expect Nationwide to know *everything* about an individual before, or after, contacting them with the general offer of a product. Things could very well change between marketing material being sent to a potential customer, and any subsequent applications being made.

Instead, I think it's reasonable for businesses to assess applications as and when they're submitted – making a commercial judgement and undertaking lending decisions when all necessary information has been gathered. That's just what happened here. And although I know Mr D considers it unfair that a search has been carried out on his credit file – for a product he wasn't eligible for – I can't really say that Nationwide was wrong to conduct that search, as it would for any applicant, given it received a formal application for a loan. I'll add, for completeness, that I've been provided with nothing to show Mr D has been adversely affected in any way – or declined credit elsewhere – categorically as a result of Nationwide's actions here.

Importantly, I'll also say that I've not seen any evidence to suggest Mr D's application was put to a heightened level of scrutiny when compared to another consumer. Primarily, Mr D didn't meet Nationwide's eligibility criteria; generally speaking, it's not for our Service to say what that should be, or what information is asked of applicants when assessing an application, as that's a commercial decision for Nationwide to make. In any case, I've already established that the criteria generally wasn't unreasonable here.

In closing, and to sum up, I know this won't be the answer Mr D is hoping for; in saying all of what I've set out, I certainly don't mean to imply that he did something "wrong" in submitting an application. I've no doubt whatsoever that Mr D thought he was eligible and acted in good faith. It's just unfortunate that Mr D didn't, in fact, meet Nationwide's eligibility criteria – but as I've said, that isn't a failing on Nationwide's part; and it follows, for the reasons I've explained, that I don't uphold Mr D's complaint.

### **My final decision**

My final decision is that I don't uphold Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 8 October 2025.

Simon Louth  
**Ombudsman**