

The complaint

Miss G complains NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (“NatWest”) irresponsibly provided her with two loans.

What happened

Miss G applied for two loans with NatWest, both of which were approved. The first was in August 2022 for £12,000 to be repaid over 99 months with a monthly repayment of £145.78.

The second loan was granted in February 2024 for £13,500 to be repaid over 99 months with a monthly repayment of £181.99.

In March 2025 Miss G complained to NatWest. She said NatWest didn’t lend responsibly – she said there were warning signs of persistent debt and just six months prior to the second loan, she’d accessed mortgage cost-of-living support but was still lent to. She said she was vulnerable to financial mismanagement due to an ADHD assessment and the loss of her father. She said as a direct result of this lending, she’s needed to enter into a Debt Management Plan with a third-party debt charity.

NatWest responded to the complaint in April 2025 – they didn’t uphold it. They said all loans were taken on the internet and didn’t require manual checks. They said it’s the customer’s responsibility to ensure income and expenditure information is correct. They said Miss G met their lending criteria and therefore they didn’t act unfairly when providing her with the two loans.

As Miss G didn’t agree with the outcome, she referred her complaint to our Service. An Investigator here looked into things. They found that proportionate checks were completed for both loan one and two, but a fair lending decision wasn’t made for both of them.

They found that loan one was fair – NatWest had calculated a healthy disposable income of over £1,000 which was enough for Miss G to afford the first loan. They also found though that NatWest weren’t fair when providing her with the second loan. They said she’d have been left with little disposable income at this point and had reached out for financial help with her mortgage just five months prior.

Miss G didn’t agree, and the Investigator issued a second opinion reiterating their stance on her complaint. They said NatWest weren’t aware of Miss G’s mental health or ADHD diagnosis so they couldn’t have been expected to do more. They said using the loans for debt consolidation is likely to have put her in a better position.

Again, Miss G didn’t agree with the opinion of the Investigator. She feels the redress offered doesn’t reflect the harm caused to her. She said she didn’t disclose her personal details because she was spiralling and just kept going as she felt she had no other choice. She feels there was enough warning signs for NatWest to have been aware without the need for her to share.

NatWest hasn’t told our Service whether or not they agree to the Investigator’s opinion. 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.

I'd like to start by saying that it's very clear to me just how important this matter is for Miss G. She has set out her 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. I also won't go into detail in this decision about the information Miss G has shared with us to protect her identity and minimise any upset when reading the decision back.

The rules and regulations in place at the time NatWest provided Miss G with the loans required them to carry out a reasonable and proportionate assessment of whether she could afford to repay what she 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 NatWest had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Miss G. In other words, it wasn't enough for NatWest to consider the likelihood of them getting the funds back or whether Miss G's circumstances met their lending criteria – they had to consider if Miss G could sustainably repay the lending being provided to her.

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 NatWest did what was needed before lending to Miss G.

Loan one

NatWest say they used credit reference agency (CRA) data as well as income and expenditure details declared by Miss G at the point of application to assess whether loan one was affordable for her. However, the data they've shared doesn't show much and I don't have a copy of the original application. So I can't say the checks were proportionate here.

I've gone on to consider what proportionate checks would've shown by using Miss G's current account statements from the time. This isn't because I necessarily would've expected NatWest to have used these, but because it's the best way for me to piece together what proportionate checks more likely would've shown.

Miss G was earning around £1,500 per month and was also in receipt of child maintenance, child tax credit and child benefit totalling around £2,600 per month. Her fixed expenditure totalled to around £1,200, leaving her with approximately £1,400 disposable income before this new loan, food and general living costs. So, if NatWest had carried out proportionate checks I still find it likely they would've found loan one affordable for her and therefore based on what I've seen, I can't agree that this lending was unfair.

I appreciate Miss G's comments about her history of a debt management plan in 2014 and the support she received from her parents, but there's nothing to evidence she was still struggling financially at this point. By her own admission, her finances were relatively stable during this period and therefore I don't think NatWest ought to have been aware of any indicators that she may struggle to repay this loan.

Loan two

NatWest have supplied similar information for the checks completed for loan two. The income and expenditure breakdown they supplied for loan two leaves Miss G with around £110 per month disposable for 99 months, which I agree isn't enough for Miss G to sustainably repay both products. Despite again not being able to see where this information was obtained, I don't think NatWest needed to do more checks because I think they had enough information available to them not to lend to Miss G in February 2024.

I say this because around September 2023 Miss G applied for mortgage cost-of-living support. She'd told NatWest she was struggling financially, and to help her during a difficult period they moved her mortgage to interest-only repayments for six months – taking her to March 2024. Yet despite being aware of this, they still provided her a second loan of £12,000. Therefore, I think it ought to have been clear to NatWest that providing Miss G with more credit would cause foreseeable harm.

Redress

Miss G doesn't feel the redress the Investigator has directed NatWest to pay goes far enough given her circumstances. She says she was in significant financial distress at the time of both loans as well as experiencing bereavement, ADHD symptoms and reduced wellbeing which left her particularly vulnerable and needing more support.

In summary, Miss G doesn't feel she should be required to repay the full amount of capital. Miss G has provided significant detail to why she disagrees with our approach, and I want to reassure her I've read and considered everything, but I won't be addressing every point individually.

NatWest wasn't aware of Miss G's vulnerabilities. I appreciate Miss G has said she didn't feel like she could disclose them, but based on what I've seen from her current account statements, there's nothing to indicate they ought to have been aware – particularly at the point of loan one. So I acknowledge it must have been a really challenging time for Miss G, I can't hold NatWest responsible for something they had no reason to be aware of.

For loan two there were indicators of financial difficulty, as discussed above. But that alone wouldn't be enough for me to say Miss G doesn't need to pay back the capital of the loan. Miss G, by her own admission, wanted the loans to consolidate other revolving credit accounts, which is likely to have put her in a better position and has at the least meant other debts were paid off which wouldn't have been without this loan.

I agree with Miss G's comments (for loan two) about a responsible lender's duty, but that doesn't mean she didn't have benefit of the capital that should be repaid.

I'm truly sorry to hear of the difficult period Miss G faced, and I can understand that her increasing debt commitments wouldn't have helped matters. But I can't say NatWest should write off the debt owed because I need to be impartial and fair to both parties.

In reaching my conclusions, I've also considered whether the lending relationship between Miss G and NatWest might have been unfair to Miss G under s140A of the Consumer Credit Act 1974.

However, I'm satisfied that what I direct NatWest to do in the section below results in fair compensation for Miss G given the overall circumstances of her complaint. For the reasons I've explained, I'm also satisfied that, based on what I've seen, no additional award is appropriate in this case.

Putting things right

Having considered everything, I'm satisfied that NatWest should put things right for Miss G in the following way:

- removing all interest, fees and charges applied to loan 2 from the outset. The payments Miss G made should be deducted from the new starting balance – the £13,500.00 originally lent.
 - If an outstanding balance remains on loan 2 once all adjustments have been made NatWest should set up a repayment plan with Miss G for this amount to be repaid;

OR

- If once all adjustments have been made this shows that Miss G has made overpayments on loan 2, these overpayments should be refunded to Miss G together with interest at 8% simple a year from the date they were made by Miss G to the date of settlement†;
- If no balance remains on loan 2 after all adjustments have been made, any and all adverse information should be removed from Miss G's credit file.

† HM Revenue & Customs requires NatWest to take off tax from this interest. NatWest must give Miss B a certificate showing how much tax it has taken off if she asks for one

My final decision

It's my final decision that I uphold Miss G's complaint against NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY regarding loan two.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 19 February 2026.

Meg Raymond
Ombudsman