

## **The complaint**

Mr G complains National Westminster Bank Public Limited Company provided him with unaffordable credit and irresponsibly failed to remove an overdraft facility.

## **What happened**

In July 2023 NatWest increased one of Mr G's overdraft limits to £13,000; and in November 2023 it provided Mr G with a personal loan which was to consolidate existing debts.

Mr G complained to NatWest in September 2024 about irresponsible lending. Mr G said NatWest shouldn't have increased his overdraft limit in July 2023; and in any event should have removed the full overdraft facility when it provided him with the personal loan in November 2023.

NatWest didn't issue Mr G with a final response to his complaint about the overdraft limit increase. However, in its submissions to our service NatWest said it had completed proportionate checks and made a fair lending decision when increasing Mr G's overdraft limit to £13,000 in July 2023. In relation to not removing the overdraft facility when approving Mr G with the loan, it set out in a final response letter dated September 2024 that this hadn't been requested by Mr G as part of his application; and that it didn't consider a reduction or removal of the facility was reasonably required.

Our investigator reviewed the details provided by both Mr G and NatWest and didn't uphold the complaint. She concluded NatWest had conducted proportionate checks and made a fair lending decision when increasing Mr G's overdraft limit to £13,000 in July 2023. She went on to say she didn't consider NatWest had acted unreasonably when not changing the terms of the overdraft facility it provided Mr G following the provision of the personal loan.

NatWest didn't respond to our investigator's view; Mr G disagreed. In summary, he maintained his position that NatWest ought reasonably to have identified further lending in 2023 wasn't affordable for him; and that it contributed to his financial difficulties by not removing the overdraft facility when it provided the loan.

Mr G asked for an ombudsman's review, so 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.

The information in this case is well known to Mr G and NatWest, so I don't intend to repeat it in detail here. Instead, I've focused my findings on what I consider to be the key points and relevant facts of the complaint. While my decision may not cover all the points or touch on all the information that's been provided, I'd like to assure both parties that I've carefully reviewed everything available to me. I don't mean to be discourteous to Mr G or NatWest by taking this approach, but this simply reflects the informal nature of our service.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website. I've seen our investigator also set this out within their view.

When providing Mr G with the overdraft limit increase in 2023 NatWest needed to complete proportionate checks to ensure it was sustainably affordable for him. There isn't a set list of checks NatWest needed to conduct, but we'd expect them to be proportionate to the terms of lending being provided, and the information it knew or ought reasonably to have known about Mr G's financial situation.

It also isn't sufficient for NatWest to just complete proportionate checks – it must also consider the information it obtains from these checks to go on and make a fair lending decision. This includes not lending to someone in financial hardship; and ensuring repayments can be made sustainably without the need to borrow further.

I've used this approach to help me decide this complaint and I've set out my findings below under separate headings for ease.

I would add here that I acknowledge Mr P has referred to many provisions under the Consumer Credit sourcebook (CONC), found within the Financial Conduct Authority (FCA) Handbook, in support of his complaint. While I've taken these into account, as I'm required to given my decision must take into account relevant law, rules and regulations, as well as good industry practice; my decision here is ultimately decided on what is fair and reasonable in the circumstances, in line with our service's overarching remit.

#### The provision of the overdraft limit increase

NatWest has said that it obtained information to understand Mr G's financial situation before increasing his overdraft limit. It's provided our service with income and expenditure data it obtained and used in its affordability assessment. It's said that the details it obtained through its checks passed its lending criteria; and it therefore considers it made a fair lending decision when providing Mr G with this overdraft limit increase. However, NatWest hasn't provided us with details of where these figures used in its assessment were obtained from.

I've carefully reviewed the information provided by both parties. Having done so, I'm persuaded that NatWest did make a fair lending decision when increasing Mr G's overdraft limit to £13,000.

I say this because NatWest obtained details of Mr G's average monthly income, housing costs, non-discretionary living expenses and existing repayments to credit. It calculated that Mr G had a relatively sizeable monthly disposable income following these checks to be able to repay this overdraft facility.

However, given I can't be satisfied where NatWest obtained its figures from, I've reviewed Mr G's bank statements for his main NatWest account covering the three months leading up to this lending decision. Our service's general approach is that this allows us to build a reasonable picture of a consumer's financial position; and in the circumstances of Mr G's case I consider this allows me to consider what NatWest ought reasonably to have identified through proportionate checks.

Having reviewed Mr G's bank statements, and taking into account the evidenced transactions as set out above, I'm satisfied that the data NatWest used in its affordability calculations are largely in line with the evidenced transactions through the bank statements.

Mr G's average income across this period is around £8,150. His evidenced non-discretionary expenditure towards housing costs, insurances, subscriptions, a mobile contract, regular transfers to another party and existing credit commitments all average around £4,000. So, Mr G has on average around £4,150 disposable income available each month.

I therefore consider the information suggests Mr G had a high level of disposable income in order to repay this increased overdraft facility over a reasonable period of time. So, it therefore follows I'm satisfied NatWest made a fair lending decision.

I acknowledge Mr G has made reference to his statements not showing the full extent of his financial commitments and therefore financial situation; however, my review here is based on what NatWest ought to have identified through what I consider to have been proportionate checks.

The rules and regulations that NatWest needed to follow also set out that a business should identify and monitor the repeat use of overdrafts. Our service's approach is that overdraft monitoring ought reasonably to be conducted at least annually.

So, given NatWest increased Mr G's overdraft limit in July 2023, I'd have expected it to have reviewed the facility in around July 2024, to ensure it remained appropriate to continue to provide it on the same terms.

I note that by July 2024 Mr G had contacted NatWest about a change to his personal circumstances; and that he was unable to maintain payments to his NatWest loan accounts. As such, NatWest was already engaging with Mr G to better understand his financial situation and provide appropriate forbearance measures. So, I've not considered the review of the overdraft facility in July 2024.

#### The provision of the loan

NatWest has said before providing Mr G with a £20,000 loan in November 2023 that it:

- Validated Mr G's income through his bank account.
- Used Office of National Statistics (ONS) data to reasonably understand his regular non-discretionary expenditure.
- Considered information from credit reference agencies (CRAs) to understand his existing commitments to, and management of, credit accounts.
- Considered the data it held about Mr G through its existing relationship.

NatWest has said it considered its checks were appropriate and that it fairly arranged this loan for Mr G.

I've carefully considered NatWest's position. Having done so, I can't be satisfied that its checks were proportionate; because it hasn't provided us with the data sitting behind them. However, I consider it did fairly provide Mr G with this loan, and I've set out my reasons for this below.

Given NatWest was tying Mr G into a loan with a sizeable balance, total repayable value, monthly payment and term, I consider its checks did need to be relatively detailed. NatWest has made reference to using ONS data to reasonably estimate Mr G's monthly non-discretionary expenditure. But by approving this loan Mr G's total liability with NatWest was being increased to a sizeable amount by way of loans, credit card and overdraft limits.

So, I consider in the individual circumstances that NatWest ought reasonably to have verified Mr G's income and expenditure by considering his actual income and expenditure evidenced through his account. Given Mr G's main bank account was held with NatWest, it follows that it had this information readily available to it.

Therefore, just like the provision of the increased overdraft limit I've gone on to review Mr G's bank statements covering the three months before this lending decision.

Unsurprisingly given the short space of time that's passed between these lending events, the statements generally show a similar financial situation. I do acknowledge that Mr G's average income had decreased, to around £7,000 per month; but his regular non-discretionary and credit commitments remained relatively consistent.

While this loan had a monthly repayment of just over £500, the purpose has been confirmed as debt consolidation. As such, it would have been reasonable for NatWest to have taken this into consideration as part of its affordability checks and how much it allocated towards Mr G's monthly commitment to credit.

Having considered all of the same information as set out above, I'm satisfied NatWest reasonably concluded Mr G could sustainably afford to repay this loan. So, it therefore follows I'm satisfied it made a fair lending decision when providing Mr G with this loan.

#### Removal of the overdraft facility

Mr G has complained that when NatWest provided with the loan in November 2023 that it didn't remove his £13,000 overdraft limit. Mr G has said due to his financial situation he went on to utilise the full overdraft limit which has caused further financial difficulties, and that this would have been prevented had it been removed.

Given my findings above about Mr G's financial position that I consider NatWest would have identified when approving the loan, it follows that I consider the affordability assessment would reasonably have concluded that Mr G could afford to repay the overdraft within a reasonable period of time, even with the addition of the loan repayment.

I acknowledge Mr G disputes this, and that the provision of the loan was unaffordable. However, based on what I consider NatWest would have identified through proportionate checks, I consider it would reasonably have concluded that Mr G's financial position suggested these lines of credit were affordable.

NatWest has said that as part of the loan application Mr G didn't select the option to have his existing overdraft limit removed. It has said that after assessing his financial situation when providing him with this loan, it didn't consider that it needed to remove the existing overdraft.

NatWest hasn't been able to provide us with the loan application as it has said it is in a format that can't reasonably be shared electronically. However, I've no reason to doubt its testimony that Mr G didn't request the overdraft be removed. I consider this is further supported given our investigator set this out to Mr G within their view, and he didn't dispute or question this.

I've also been provided with the contact notes which show no signs that Mr G looked to contact NatWest after the provision of the loan, to request that the overdraft be removed.

I'm also mindful that it appears it was largely a change in Mr G's personal circumstances which put a strain on his finances, and led to him not being able to meet his contractual obligations to NatWest. Mr G's testimony and NatWest's contact notes suggest that it was

around July 2024 that Mr G first contacted it to make it aware he had lost his job and therefore had no income to maintain his liabilities with NatWest. So, I consider this suggests it was a change in Mr G's circumstances that made this the lending in 2023 unaffordable.

Taking my above findings into account, I don't consider NatWest acted unreasonably when not removing the overdraft facility following the provision of the loan in November 2023.

Has NatWest acted unfairly or unreasonably in any other way?

I've considered whether NatWest acted unfairly or unreasonably, including whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974.

I've seen that once Mr G made NatWest aware of his financial difficulties it provided forbearance, including requesting that he complete an up to date income and expenditure assessment so it could understand his financial circumstances. Mr G had missed payments on three loan accounts, and had a considerable liability with NatWest when he made it aware of his financial situation.

Mr G has made reference to a number of phone calls which weren't successful, in part, in leading to an agreeable repayment arrangement being implemented. I've reviewed the contact notes and can't agree the contact appears to be excessive. I've seen that Mr G raised a complaint early into the contact and a number of conversations including reference to this, which he'd told NatWest had been referred to our service for review.

Considering the information available to me, I haven't seen anything to suggest the steps NatWest took or the actions it completed were unreasonable in the circumstances.

So, I've not seen anything to conclude that NatWest acted unfairly or unreasonably in relation to the details Mr G complains of, or that it brought about an unfairness in the relationship. As such it follows that I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

It therefore follows, based on my above findings, that I'm not directing NatWest to take any further action in resolution of this complaint.

However, I would remind NatWest of its obligations in treating Mr G fairly and sympathetically while engaging with him and dealing with the collection of any outstanding debts.

**My final decision**

My final decision is that I don't uphold Mr G's complaint about National Westminster Bank Public Limited Company.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 3 December 2025.

Richard Turner  
**Ombudsman**