

The complaint

Mr C complains National Westminster Bank Plc (NatWest) failed to carry out proper financial checks before it approved a loan for him.

What happened

Mr C says NatWest approved a loan of £7,000 for him in April 2024 at a time when he was already under financial pressure and with a poor credit history. Mr C says if NatWest had carried out more thorough financial checks it would have seen the loan was unaffordable. Mr C says the loan was approved with a high interest rate and NatWest should now look to refinance the loan at a lower interest rate, to help him meet his financial obligations.

NatWest says it carried out a credit check and credit assessment, using the declared income and expenditure from Mr C's application and information from credit reference agencies (CRA's), before approving the loan for Mr C. NatWest says there were no outstanding defaults or CCJ's or payment arrangements and the interest rate on the loan was based on Mr C's personal circumstances.

Mr C wasn't happy with NatWest's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says there are no set list of checks lenders like NatWest must undertake but these should be borrower focused. The investigator felt NatWest carried out reasonable financial checks before it approved the loan, relying on information declared in Mr C's application and information from CRA's, before it completed an affordability assessment which showed the loan was affordable.

The investigator conducted her own affordability assessment from Mr C's bank statements, and while his income was lower than declared, it was still sufficient to meet the loan repayments and there were no signs of any financial difficulties. The investigator also reviewed Mr C's credit file, and while there was an historic default, she couldn't see any CCJ's outstanding, but in any event this was close to six years old, with no other obvious signs of financial pressure since that time. The investigator didn't think NatWest acted unfairly when approving the loan.

The investigator pointed out it's not the role of this service to instruct a business to alter the APR it charges, that is for the regulator to decide. That said, the investigator didn't feel the interest rate was particularly unreasonable compared to the market. The investigator felt NatWest had offered support to Mr C and that is what she would have expected them to do.

Mr C didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I was sorry to hear Mr C is experiencing financial problems and that must be a source of worry for him. When looking at this complaint I will consider if NatWest carried out reasonable and proportionate financial checks before it approved a loan for Mr C.

Mr C's complaint centres around his view that a loan for £7,000 NatWest approved in April 2024 was unaffordable, and if it had carried out more thorough financial checks it would have seen that. Mr C also feels the interest rate on the loan was too high and this contributed to his financial struggles.

While I understand the points Mr C makes here, I'm not fully persuaded by his argument and I will go on to explain why.

As the investigator has pointed out there are no set list of checks lenders like NatWest must carry out before approving credit facilities, but these should be borrower focused taking into account the amount, type, term and cost of any borrowing. I should say here it's not for me to tell NatWest what those checks must consist of, or from what sources those checks should come from.

Here from the information I have seen, NatWest relied upon the information declared by Mr C in his loan application, alongside data from CRA's when conducting its credit checks. Using that information NatWest carried out affordability modelling which showed Mr C's net disposable income (NDI) was around £1,463 per month, indicating the new loan commitment of £228 per month was well within Mr C's means.

I have also seen bank statements provided by NatWest for the months leading up to the loan and these show no obvious signs of financial stress but do show a lower NDI of closer to £770 per month, that said I am satisfied the new loan payment was affordable. It's worth pointing out that NatWest had a long banking track record with Mr C with previous loans approved with no issues, so that would have also helped in its assessment here.

With regards to Mr C's point about an historic CCJ and default, from what I can see the default happened in 2019 and was settled in 2021, so that wouldn't be a reason on its own for NatWest to refuse to lend here. Additionally, I can see no record of the CCJ Mr C refers to on the credit file he provided, but as that dates back to July 2018 this would be considered to be historic at the time the loan was approved. What is important here is whether or not the loan was affordable at that time, and from the information I have seen, I'm satisfied in all probability it was.

While I understand Mr C is unhappy about the interest rate NatWest applied to the loan, as the investigator pointed out, that is not part of this service's remit and pricing generally is for the Financial Conduct Authority to oversee. What I would say is the interest rate was made clear in the loan agreement document Mr C signed and that was the opportunity for him to challenge the interest rate then or within the cooling off period, if he was unhappy.

All we can consider is, if a loan is lent irresponsibly whether or not the interest charged on that loan should be refunded, but as I have explained I don't feel that it was here.

I've also considered whether NatWest acted unfairly or unreasonably in some other way given what Mr C has complained about, including whether its relationship with him might have been unfair under s.140A Consumer Credit Act 1974. However, for the same reasons I

have set out above, I've not seen anything that makes me think this was likely to have been the case.

While Mr C will be disappointed with my decision, I won't be asking anymore of NatWest.

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 Mr C to accept or reject my decision before 11 November 2025.

Barry White
Ombudsman