

The complaint

Mr H complains that Nationwide Building Society lent to him irresponsibly.

What happened

On 20 April 2024, Mr H applied for a loan with Nationwide. It was agreed on the following terms:

Amount	Interest	Term	Repayment	Total Payable
£20,000	7.8%	72 months	£346.14	£24,922.08

On 30 May 2024, Mr H complained to Nationwide. He said it had failed to check his monthly outgoings and that, at the time, he had been “*under duress of scammers who were instructing [him] to take loans to protect (...fake...) investments*”. He said he had health and comprehension difficulties. Mr H said the loan was unaffordable for him and he couldn’t afford his ground rent, food shopping and other essential bills. To resolve his complaint, Mr H asked Nationwide to write off the loan as it shouldn’t have been agreed in the first place.

Nationwide looked into Mr H’s complaint. It said he had met its lending criteria, he had “*retained the funds and therefore accepted the terms of the lending*”. It said he had applied for the loan for home improvements, quoted an income of £2,600 per month and, based on its estimate of his outgoings, he had sufficient disposable income to repay the loan. It was satisfied that its lending decision was fair. As a gesture of goodwill, Nationwide had refunded some interest for May 2024 – a sum of £123.86. It didn’t uphold Mr H’s complaint.

Mr H didn’t accept Nationwide’s response, so he referred his complaint to our service. One of our investigators looked into it. He felt that the checks Nationwide carried out didn’t go far enough to verify Mr H’s income, and that the transaction may be considered unusual given Mr H had been retired for several years and the loan was large and over a significant period of time.

Overall, our investigator felt Nationwide ought to have carried out further checks into Mr H’s circumstances to ensure the loan was affordable for him. Had it done so, our investigator felt it should have refused to lend to Mr H. He recommended the building society should refund the charges and interest on the loan and allow him to repay what he borrowed at no cost.

Mr H accepted what our investigator said, but Nationwide didn’t. As there was no agreement, the complaint has been passed to me for a 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 reached a different conclusion from that of our investigator. I issued a

provisional decision saying:

"We've set out our approach to complaints about irresponsible and unaffordable lending on our website – including the key relevant rules, guidance, good industry practice and law. I've considered this approach when deciding this complaint.

Nationwide needed to carry out reasonable and proportionate checks to ensure that it didn't lend to Mr H irresponsibly. I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- *Did Nationwide carry out reasonable and proportionate checks to satisfy itself that Mr H was in a position to sustainably meet the repayments?*
- *If not, what would reasonable and proportionate checks have shown at the time?*
- *Did Nationwide make a fair lending decision?*
- *Did Nationwide act unfairly or unreasonably towards Mr H in some other way?*

Nationwide had to carry out reasonable and proportionate checks to satisfy itself that Mr H would be able to repay the loan sustainably. It's not about it assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on him. There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the loan, the amount of the repayments and the overall circumstances of the borrower.

Mr H's application to Nationwide said that he was retired and received a pension of £2,600 per month which it verified using an online tool. He was married and owned his own home. The loan purpose was listed as "Home Improvements (Structural)". There were no fixed expenses listed but a credit card balance of £7,000 was declared. Nationwide estimated his expenditure as £1,163 per month, leaving a monthly disposable income of £1,437. It felt the loan repayments of £346 would be affordable for Mr H on that basis.

Nationwide reviewed Mr H's credit file and saw he had a current outstanding balance of around £420 on a credit card (with a highest balance of £554), but no other outstanding debts. He had no County Court Judgements or defaults registered against him. Nationwide had no concerns about his credit file.

It is generally accepted that a business can rely on what a consumer tells it unless it knows – or has reason to think – that what it has been told is inaccurate. Nationwide accepted what it was told in Mr H's application for the loan and the rest of the information it found caused it no concerns.

Our investigator felt that the size and length of the loan alongside Mr H's age, meant that the check ought to have been more thorough than it was. He said Nationwide ought to have gone to greater lengths to ensure the loan was sustainably repayable over the term. He considered that the checks as they stood were not reasonable and proportionate.

I disagree with our investigator. I don't think it's unreasonable for Nationwide to have relied on its usual processes to assess this application. It verified Mr H's income through an online tool which looks at transactions through bank accounts. While this isn't a perfect system, it is widely used across the industry. And Nationwide also gathered information about his expenditure and compared that to statistical information. I do take our investigator's point that an application for a loan over six years from a consumer of Mr H's age is probably out of the ordinary, but I don't think his age alone ought to have led Nationwide to depart from its usual processes. Indeed, it could be considered discriminatory if it did.

I think the checks Nationwide carried out were reasonable and proportionate in the circumstances and I think it reached a fair decision to lend to Mr H.

Did Nationwide act unfairly or unreasonably towards Mr H in some other way?

Mr H has explained that the loan was taken out during the course of him being scammed out of his life savings – hence his comment that he was “under duress of scammers”. I’ve thought very carefully about this and considered all the information available to me and whether Nationwide ought to have done more with the knowledge it now has, to support him.

Mr H has raised other complaints with other businesses which were used in the scam, most importantly in my view, with the bank through which he transferred large sums of money to the scammers. I can see that the first of around 17 transfers to the scammers took place on 17 April 2024 and the final one on 23 May 2024. When Mr H had applied for the loan, only two transfers had taken place.

At the time he applied for the loan, it appears the scam was in the early stages. If Nationwide had asked further questions when assessing Mr H’s loan, I think it more likely that not that Mr H would have provided information about his savings (which were still substantial at that time) and, as he was under the influence of scammers, would have satisfied Nationwide that the purpose of the loan was legitimate. We know that sadly, Mr H lost a significant amount of money – including the proceeds of this loan to scammers, but I don’t think that is something Nationwide can be held responsible for.

But I can see that the bank which allowed the transfers, has already refunded half of the money Mr H lost to the scam and he has a complaint ongoing in which he hopes to recover the remainder. Given the money he borrowed was part of the sum he lost to the scammers, part of the refund he’s received so far is also part of the money Nationwide lent to him. And if his complaint against the bank is successful (which I have no influence over or knowledge of), he will have received all the money back. It would simply be inequitable to suggest that Mr H shouldn’t pass that on to Nationwide.

In any event, the refund he has received so far is several times what he borrowed from Nationwide. Given that I think Nationwide reached a fair decision to lend to Mr H – and that he does once again have the means to repay the loan – I don’t think it would be reasonable for me to tell the building society to write off the money it fairly lent, or the interest it is entitled to charge on it. Mr H can of course repay the loan early if he wishes, which will reduce the interest payable.

Having considered all the information provided by both parties to this complaint, I don’t think Nationwide has treated Mr H unfairly. I appreciate that Mr H has been through an incredibly stressful time, and I truly hope he is able to recover the remaining funds that he’s lost and rebuild his financial stability. I am sorry to disappoint him, but for the reasons I’ve explained, I don’t plan to uphold his complaint about Nationwide.”

Nationwide accepted my provisional decision, but Mr H didn’t. He said (in summary):

- He wasn’t aware he had applied for this loan. The application had been completed by the scammers without his knowledge.
- He was aware that another loan had been applied for with a different business as part of this scam. A complaint about that loan had been resolved in his favour by our service asking the bank to waive interest on it. He felt the same outcome should be reached in this case.
- His income was much lower than the £2,600 quoted on the application.

- Nationwide should have placed more weight on his age and the length of the loan when assessing the application.

I've thought carefully about Mr H's response to my decision. What he has said repeats some of the testimony he's given already, but I will give my further thoughts on what he's said.

I acknowledge that Mr H says he wasn't aware he had applied for this loan and that it was all part of a sophisticated scam of which he was a victim. I accept what he says in this regard. But Nationwide had no way of knowing that the application wasn't genuine. And the money was paid into Mr H's account and he used it as he wished – albeit he later discovered he was a victim of a scam. Had the money not been paid to Mr H's account or if he'd not used the money, then my decision may be different here.

Nationwide verified Mr H's income through tools which, in my experience, are widely used across the industry. I acknowledge £2,600 is a good monthly income for a retired individual, but I don't think it is so out of the ordinary that it ought to have raised concerns for Nationwide – especially when it had been verified through its usual process.

I acknowledge too that Mr H's age and the length of the loan made the application a little unusual. But as I said in my provisional decision, I wouldn't expect Nationwide to refuse applications on that basis alone. And if Nationwide had queried the application with Mr H, I think it's most likely it would still have progressed. Let me explain.

I note that the bank through which payments were made to the scammers, spoke to Mr H several times about the transactions being carried out. Mr H was able to persuade it that all was well. While I can't be certain, I think it's more likely than not that had Nationwide made further enquiries, he would have assured it too, that the circumstances were genuine. At the time, Mr H still had significant savings which he could have pointed to in order to reassure Nationwide of his financial security.

I do acknowledge – as does Nationwide – that Mr H has been the victim of a scam. I am sorry to hear that and appreciate it will have been very upsetting to find out what had happened.

But I can't fairly conclude that Nationwide did anything wrong when it lent to Mr H based on what it knew and ought to have known at the time of the application. I acknowledge another business which also lent to Mr H has agreed to refund interest it would have charged on its loan, and I think that is a good gesture. Our investigator asked Nationwide to do the same, but Nationwide refused to do so. But given I don't think Nationwide has made a mistake in lending to Mr H, I don't feel I can compel it to do so.

As I said in my provisional decision, Mr H has so far received back half of the money he lost to the scam which included the money loaned to him by Nationwide. As he's received back half of what he lost so far, it follows that half of what he borrowed has also been refunded. And the total refund he's received so far is enough to repay the remainder several times over.

I do appreciate Mr H's disappointment with my decision, but given the money was fairly lent by Nationwide and Mr H has the means to repay it, I can't reasonably say that he shouldn't have to do so.

If Mr H feels repayment of the loan is likely to cause him financial difficulty, he can speak to Nationwide to establish a reasonable repayment plan. I'd remind Nationwide of its obligation to treat customers in difficulty fairly.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 October 2025.

Richard Hale
Ombudsman