

## **The complaint**

Mr S complains that National Westminster Bank Plc (NatWest) failed to properly check whether he could sustain a loan when they lent to him.

## **What happened**

In November 2021 Mr S entered into a personal loan agreement with NatWest for £10,000. The purpose of the loan was for the acquisition of a car. After interest and charges were applied Mr S was required to repay £11,039, repayable over 63 months at £182.70 a month. Mr S said by lending to him NatWest had caused him to spiral further into debt and if they'd properly checked they would have seen he was already heavily indebted. He complained to NatWest.

NatWest said their checks were reasonable and proportionate. They'd said they used application and credit reference agency (CRA) data. Considered Mr S' account activity and management, internal data, and his personal circumstances. Based on these checks they said their lending decision was fair as Mr S showed no signs of financial vulnerability. And he should have had sufficient disposable income to sustain the repayments.

Mr S wasn't happy with NatWest's response and referred his complaint to us.

Our investigator found NatWest to have completed reasonable and proportionate checks. And that their lending decision had been fair.

Mr S didn't agree and asked for an ombudsman 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 appreciate Mr S will be disappointed by my decision, while I empathise with the position Mr S now finds himself in, for me to say NatWest must do something different I must first be satisfied that they've done something wrong. I can't see that they have here which is why I won't be asking them to do anything else. I'll explain why.

We've set out our approach to complaints about unaffordable and irresponsible lending on our website. I've taken this into account in deciding Mr S' complaint.

All lenders have an obligation to lend money responsibly. The relevant guidance is within the Financial Conduct Authority (FCA) rules on creditworthiness assessment as set out in its handbook, (CONC) section 5.2. In summary, these say that before NatWest offered the loan they needed to complete reasonable and proportionate checks to be satisfied Mr S would be able to repay the debt in a sustainable way. So, in reaching my decision I need to consider:

1. Did NatWest complete reasonable and proportionate checks to satisfy themselves that Mr S would be able to sustainably repay the borrowing?

- a. If they did, was the decision to then lend to Mr S fair?
- b. If they didn't, would reasonable and proportionate checks have shown that Mr S could sustainably repay the borrowing?

2. Did NatWest act unfairly or unreasonably in some other way?

There isn't a set list of what reasonable and proportionate checks should look like. In deciding what was proportionate NatWest needed to consider things such as (but not limited to): the amount of credit, the size of any regular payments, the cost of credit and the consumer's circumstances.

CONC says a lender should take reasonable steps to estimate a consumer's income and non-discretionary spending. And notes that a lender shouldn't generally rely on a consumer's declared income but seek validation through an independent source such as a CRA or third party. It also allows for the use of statistical data to estimate non-discretionary spending. I've considered the checks NatWest did.

From Mr S' application he declared a monthly income of £2,480, housing (mortgage/rent) £599, and loan repayments of £486. NatWest has shown they cross checked this information with a CRA. They carried out a current account turnover check for six months prior to the lending being approved which validated Mr S' declared income. The CRA checks showed Mr S was managing his accounts well as they were up to date. They saw no evidence of missed payments, defaults or county court judgments. From their checks NatWest assessed Mr S' living costs to be £770, housing costs £625, loan repayment £486 and credit cards £18 a month. This meant they assessed his total monthly essential outgoings to be £1,899. Which should have left Mr S with a disposable income of £581 before factoring in the new lending. NatWest also had their own internal data for how Mr S was managing his other loan account with them, and this showed he was managing the account well, being up to date with no evidence of missed or late payments.

So, I'm satisfied the checks NatWest did were reasonable and proportionate as they'd taken reasonable steps to estimate Mr S' income and essential spending. And I don't think that there was anything immediately obvious in the information that NatWest had, including Mr S' existing credit, which meant they shouldn't rely on it. So, I don't think NatWest needed to have asked Mr S to provide further evidence in support of their expenditure before providing him with a loan in this instance.

But in fairness to Mr S I can see he'd his current and savings accounts with NatWest which he says would have shown his financial difficulties. So, I've looked at his statements for the three months prior to the loan being approved. And I can't agree with Mr S that this would have shown he was financially struggling. I can see from these statements several payments into his account that averaged more than the monthly income NatWest used in their assessment. Also, Mr S was managing his non-discretionary outgoings with no signs of financial vulnerability such as unpaid direct debits or persistent use of an overdraft. And he'd disposable income each month sufficient to sustain his monthly repayments. So had NatWest considered Mr S' bank statements I think they would have reached the same lending decision.

While my decision considers Mr S' situation at the time the loan was approved I understand he has since been experiencing financial difficulties and discussed this with NatWest earlier this year. I can see NatWest put in place a three-month payment break up to June 2025.

Although I'm not upholding this complaint, I'd like to remind NatWest of its obligation to exercise forbearance if they intend to collect any outstanding balance remaining on the account and it's the case that Mr S is still experiencing financial difficulty.

I've also considered whether NatWest acted unfairly or unreasonably in some other way given what Mr S has complained about, including whether their relationship with him might have been viewed as unfair by a court under Section 140A Consumer Credit Act 1974. But for the reasons I've already given, I don't think NatWest lent irresponsibly to Mr S or otherwise treated him unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 17 November 2025.

Anne Scarr  
**Ombudsman**