

The complaint

Ms P complains that National Westminster Bank Public Limited Company (NatWest) lent irresponsibly when it approved her loan application.

What happened

Ms P applied for a NatWest loan of £8,000 over a 49 month term in February 2023. In her application, Ms P said she was employed with an income of £30,000. NatWest says it used a service provided by the credit reference agencies to verify the income figure Ms P gave which was confirmed. A net monthly figure of £2,017 was used in the application.

NatWest completed a credit search that found Ms P had existing debts of around £7,450 with monthly repayments of £218. No adverse credit like bankruptcy, County Court Judgements, defaults or recent missed payments were noted.

NatWest completed an affordability assessment using Ms P's income of £2,017 and monthly outgoings of £600 for rent, £475 general living expenses and £218 for her existing debts. That left Ms P with a disposable income of £651 a month after her existing outgoings were covered. NatWest approved Ms P's application and issued the £8,000 loan with monthly repayments of £204.20.

More recently, Ms P complained that NatWest lent irresponsibly and it issued a final response. NatWest said it had completed the relevant lending checks when looking at Ms P's loan application and didn't agree it lent irresponsibly.

An investigator at this service looked at Ms P's complaint. They thought NatWest carried out proportionate checks when looking at Ms P's application and the decision to approve it was reasonable based on the information it obtained. The investigator wasn't persuaded NatWest lent irresponsibly and didn't uphold Ms P's complaint.

Ms P asked to appeal and said the use of an estimate for her general living expenses and rent wasn't right and that her actual outgoings were higher. Ms P also pointed out she already had other debts and outgoings that meant the NatWest loan wasn't affordable. Ms P added that her income was fluctuating and that NatWest didn't ask for pay slips to verify the figure provided. As Ms P asked to appeal, her complaint has been passed to me to make 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.

Before agreeing to lend, the rules say NatWest had to complete reasonable and proportionate checks to ensure Ms P could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information that NatWest used when considering Ms P's application above. In response to the investigator, Ms P said her income fluctuated at the time and that NatWest hadn't requested payslips as evidence. But I think it's fair to note Ms P gave an income figure of £30,000 a year and said she was employed. NatWest used a service provided by the credit reference agencies to verify the income figure Ms P provided, reaching a net monthly figure of £2,017. Given the verified income figure was in line with the details Ms P provided in the application I'm satisfied it was reasonable for NatWest to use it when looking at the application.

A credit search found no evidence of adverse credit like County Court Judgements, bankruptcy or defaults. No recent missed payments were noted either. In addition, existing debts of £7,150 were found on Ms P's credit file with monthly repayments totalling £218. Ms P's total debts represented around 24% of her annual income. And Ms P's existing debt repayments represented around 11% of her net monthly income. Whilst I accept Ms P had existing debts, the information NatWest obtained didn't indicate she was already overcommitted or struggling with repayments. In my view, Ms P's credit file indicated she was in a stable financial position.

NatWest used a rent figure of £600 a month and general living expenses figure of £475. Those figures were estimates based on nationally recognised statistics, not based on evidence provided directly by Ms P. I understand Ms P feels the use of estimates wasn't appropriate and didn't reflect the reality of her situation. But the relevant lending rules say businesses can use reasonable estimates for outgoings of this nature. I'd normally expect a business to go further in its lending checks and take a more detailed approach to the application if it found other signs of financial strain or difficulties. But here, as noted above, the information provided by Ms P appears to show her circumstances were stable. I haven't seen anything in the information NatWest obtained that should've led it to complete more detailed lending checks or the use of estimates was unreasonable.

After completing its affordability assessment, NatWest reached the conclusion Ms P had a disposable income of £651. In my view, that was a reasonable figure to reach following proportionate checks by Sainsbury's Bank. And I'm satisfied that the disposable income of £651 was sufficient to sustainably afford repayments of £204.20 a month. I'm sorry to disappoint Ms P but I haven't been persuaded NatWest lent irresponsibly so I'm unable to uphold her complaint.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think NatWest lent irresponsibly to Ms P or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don't uphold Ms P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 27 February 2026.

Marco Manente
Ombudsman