

The complaint

Mr W complains that Nationwide Building Society lent to him irresponsibly when they provided him with a personal loan.

What happened

In December 2023, Mr W was provided with a personal loan by Nationwide. The loan was for £15,000 and was repayable over 72 months at 17.5% annual percentage rate (APR).

In 2024, Mr W complained. In summary, he said Nationwide had irresponsibly lent to him and that sufficient checks – to ensure his affordability status – hadn't been undertaken.

Nationwide didn't uphold the complaint. They said, in summary, that they had carried out checks proportionate to the amount being lent; those checks hadn't revealed any concerns, and on that basis, the loan had been granted. So, they were satisfied they had lent responsibly.

Mr W disagreed; he still thought Nationwide were wrong to have lent to him. So, he referred his complaint to this Service for independent review.

An Investigator here considered what had happened; having done so, he didn't think Nationwide had done anything wrong. In short, the Investigator said:

- The checks carried out by Nationwide were proportionate in the circumstances.
- The information gathered as a result of those checks wouldn't have given Nationwide any cause for concern.
- There was nothing that would have suggested to Nationwide that Mr W was struggling financially, and/or wouldn't be able to afford the repayments towards the loan.
- Any financial struggles, which did materialise for Mr W later, wouldn't have been apparent to Nationwide at the time they provided Mr W with the credit.
- Overall, with that in mind, Nationwide hadn't acted unfairly or unreasonably in providing the loan to Mr W.

Mr W disagreed; and he maintained he'd been irresponsibly lent to. So, as no agreement has been reached by the parties, Mr W's complaint has now 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.

Having done so, while this will no doubt disappoint Mr W, I agree with the findings of our Investigator and for broadly the same reasons. I'll explain why.

The rules and regulations in place at the time Mr W was provided with the loan, required Nationwide to carry out a reasonable and proportionate assessment. That's to determine whether Mr W could afford to repay what he owed in a sustainable manner. This practice is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be borrower focussed; that is, relevant to Mr W. So, Nationwide had to think about whether repaying the credit sustainably would cause him difficulties, or other adverse consequences. In other words, Nationwide had to consider the impact of any repayments on Mr W.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g: their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Nationwide did what they needed to before agreeing to lend to Mr W.

Nationwide checked data recorded with Credit Reference Agencies ("CRAs"); and it relied upon information provided by Mr W in his application. I've been provided the results of Nationwide's checks and, in my view, the data they gathered didn't suggest that there was any real cause for concern.

Rather, information obtained from CRAs didn't show any recent defaults; nor was Mr W subject to an Individual Voluntary Arrangement ("IVA"). And none of his existing credit accounts were subject to any repayment plans.

On the day the loan was provided to Mr W, he declared an annual income of £59,500, equating to a little over £3,400 in monthly income. He declared his residential status as 'living with parents', where he was paying £900 a month in rent.

When deducting the monthly rental payments Mr W quoted, from the income they verified using credit reference agency data; along with the monthly credit commitments they established from the credit check they ran, and external data they used to estimate monthly household expenditure, Nationwide concluded that Mr W would have still had around £300 a month in disposable income. This is after deductions were made for the £327 monthly repayment on the loan they were providing. I've also noted that the loan was for the purposes of debt consolidation, and that Mr W went on to make a number of larger than usual payments to creditors following the loans inception. So, it's likely his disposable income was even higher than Nationwide had concluded. Given Nationwide's findings, I'm satisfied their checks went far enough in the circumstances, and I think it was reasonable for them to conclude that the lending would be affordable for Mr W.

Mr W has argued that he also applied for a credit card and an overdraft around this time with Nationwide, and that this should have been considered. But having looked at the credit card and overdraft, they were both taken out in the week that followed Nationwide's decision to provide the loan. So, they weren't active credit items that would have factored into Nationwide's checks at the point of considering approving his personal loan application. So, I'm afraid this argument doesn't alter my opinion on the matter.

Mr W has also said that he was using Cryptocurrency to gamble with, around the time of this application, and that Nationwide should've considered this when deciding whether or not to lend. So, I've thought about this, given that Mr W banked with Nationwide, and I can see he made several large payments to a Cryptocurrency platform in the lead up to his application.

But, just because Mr W did bank with Nationwide, this doesn't automatically mean that they needed to review the conduct of his bank account with them when considering his loan application. For me to conclude that they should have, I would have needed to see more persuasive evidence that Nationwide had reason to be concerned beforehand, such as flags from the information Mr W provided, or information within the results of their credit checks that might have raised concerns. But to the contrary, from the evidence I've seen, there's nothing that points to this. And while Mr W has said that he made Nationwide aware he was making such transactions, the notes I've seen point to conversations that took place regarding these transactions after the loan had already been put in place. So, while I accept the point Mr W has made here, again this doesn't alter my opinion on the matter.

Given the lack of adverse credit against Mr W's name; the considerable income Mr W was earning, and his strong repayment history on his existing credit commitments, I'm satisfied that Nationwide's checks went far enough, and that it was reasonable for them to conclude this lending was affordable based on the results of their proportionate checks.

So, while I am sorry to disappoint Mr W; I know this won't be the outcome that he's hoping for, it's for the reasons I've explained that I don't think Nationwide acted unfairly or unreasonably when they provided him with this loan. So, for this reason, I won't be asking them to do anything further.

Finally, I've also considered whether the relationship might have been unfair under Section 140A (S140A) of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Nationwide lent irresponsibly to Mr W or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that S140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 8 January 2026.

Brad McIlquham
Ombudsman