

The complaint

Nationwide Building Society (“Nationwide”) provided Mrs B with a number of loans from 2019 to 2020. Mrs B says these loans were provided irresponsibly.

What happened

The details of this complaint are well-known to both parties, so I won’t repeat them again here. The facts aren’t in dispute, so I’ll focus on giving the reasons for my 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.

I’m aware that I’ve summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I’ve focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there’s something I’ve not mentioned, it isn’t because I’ve ignored it. I haven’t. I’m satisfied I don’t need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I’ve got is incomplete, unclear or contradictory, I’ve to base my decision on the balance of probabilities.

Having considered everything, I’m upholding Mrs B’s complaint in relation to the last loan provided in December 2019 for £1,200 for broadly the same reasons as our investigator. I’ll explain my reasoning below:

We’ve set out our general approach to complaints about unaffordable or irresponsible lending on our website and I’ve taken this into account in deciding Mrs B’s case.

I’ve decided the credit wasn’t provided fairly because:

- I don’t think the checks Nationwide did before providing the credit were reasonable and proportionate given the credit limit it offered and what it knew about Mrs B’s financial situation.
- If Nationwide had done proportionate checks, I think it’s likely these would have shown it was unfair to provide the credit to Mrs B. I say this as despite the reasonably small amount of £1,200 lent compared to previous loans and the small monthly repayments, Mrs B had taken out a £25,000 loan with Nationwide just a couple of months previously. I think this should have been cause for concern given the fact she applied for this last loan so soon after the £25,000 loan.

- Nationwide said it considered the disposable monthly income (DMI) Mrs B had left after the new monthly loan payment was sufficient as it had assessed the future impacts of affordability. However, I disagree. I don't consider a DMI of less than £50 to be sustainable over the period of the loan, which at 84 months is an extended period of time.
- Based on the information Mrs B provided about her circumstances at the time, I think it should have realised Mrs B was likely to be unable to sustainably repay what she was being lent.

This means I don't think Nationwide should have provided the loan of £1,200 to Mrs B.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm awarding in this case, as set out below, results in fair compensation for Mrs B in the circumstances of this complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

When we consider a consumer shouldn't have been given credit, our usual approach is to ask the business to refund the interest and charges added to the borrowing that shouldn't have been given. So for this complaint, this means removing all interest, fees and charges applied since the loan was approved in December 2019.

To put things right Nationwide need to:

- Rework the account removing all interest, fees and charges.
- As the loan has subsequently been repaid, this should result in a credit balance and this should be refunded to Mrs B along with 8% simple interest per year* calculated from the date of each overpayment to the date of settlement. Nationwide should also remove all adverse information recorded after December 2019 regarding this account from Mrs B's credit file.

*If HM Revenue & Customs requires Nationwide to deduct tax from any award of interest, it must give Mrs B a certificate showing how much tax has been taken off if she asks for one.

My final decision

My final decision is that I'm upholding this complaint and Nationwide Building Society must put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 20 January 2026.

Paul Hamber
Ombudsman