

The complaint

Mrs B complains National Westminster Bank Public Limited Company lent to her irresponsibly.

What happened

Mrs B complains about NatWest's lending decisions below:

Loan	Date	Capital	Interest rate	Term	Monthly Repayment	Purpose of loan
1	November 2020	£5,000	15.9%	36 months	£172.74	Home improvements
2	November 2021	£5,000	7.9%	60 months	£100.42	Refinancing loan 1
3	August 2022	£6,050	7.9%	60 months	£121.63	Refinancing loan 2
4	September 2022	£7,500	12.9%	60 months	£167.58	Refinancing loan 3
5	October 2022	£8,750	12.9%	60 months	£195.54	Refinancing loan 4
6	February 2023	£10,150	11.9%	60 months	£222.19	Refinancing loan 5
7	September 2023	£11,200	19.9%	60 months	£286.31	Refinancing loan 6
8	May 2024	£1,500	29.0%	60 months	£44.65	Other expenditure
9	September 2024	£15,250	11.9%	63 months	£343.40	Refinancing loan 7

NatWest didn't think it had lent to Mrs B unfairly, and after completing her Investigations, our Investigator agreed. Mrs B disagreed with the outcome and asked for a decision.

I attempted to resolve this complaint informally and shared my initial thoughts with NatWest and Mrs B. I explained I thought loans 6, 7, and 8 shouldn't have been approved. I said this because a consumer applying for nine loans, over four years, isn't a pattern of borrowing you'd normally expect to see. Instead, it suggested Mrs B was reliant on credit and using it consistently to supplement her lifestyle – and savings (on occasions). So, NatWest shouldn't have allowed their lending decisions to contribute to Mrs B's cycle of indebtedness – particularly with them.

NatWest didn't agree to resolve the complaint as I'd suggested because Mrs B repaid the three loans in question early. It also explained she'd repaid loan 9 early too. I also asked Mrs B for her comments on my preliminary thoughts, and she responded that the loans were repaid early due to refinancing.

I've now completed my investigations and taken NatWest's and Mrs B's most recent comments into consideration when doing so. I'll set out my decision below.

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 considered everything, I'm upholding Mrs B's complaint, in part.

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 not all of the loans were provided fairly because:

- Neither Mrs B nor NatWest challenged my thoughts on the affordability of loans 1-5. So, I won't go into too much detail about them. However, I am satisfied NatWest's checks were reasonable and proportionate. And given what it knew about Mrs B's financial circumstances, I don't think it treated her unfairly by approving the loans. In turn, I'm not upholding that part of this complaint.
- I don't think the checks NatWest did before providing loans 6,7, and 8 were reasonable and proportionate given the amounts Mrs B applied for and what it knew about her financial situation.
- If NatWest had done proportionate checks, I think it's likely these would have shown it was unfair to provide the credit to Mrs B.
- Prior to loan 6, Mrs B had already taken out 5 loans with NatWest of which four were used to refinance her previous loans and leave her with additional funds. But what NatWest shouldn't have ignored was loans 3, 4, and 5 were taken out in three consecutive months in August, September, and October 2022. So, when Mrs B applied for loan 6 just four months later, this ought to have raised further questions.
- Despite the purpose of the loans being refinancing, Mrs B's monthly repayments were increasing. I don't agree that if NatWest took everything into consideration, it could fairly conclude that Mrs B wasn't showing signs that she was becoming reliant on borrowing. Therefore, I'm not persuaded by its arguments regarding Mrs B's early repayment – particularly given her loans were generally repaid early because of further borrowing from it. This is something I would have expected NatWest to have placed weight on.
- Given the above, I don't consider NatWest should have granted loans 6, 7, and 8.
- Had those three loans not been granted, two years would have passed by the time Mrs B applied for the final loan in September 2024.
- NatWest nor Mrs B disputed my thoughts on loan 9. Based on what NatWest would have known about Mrs B in September 2024, I'm satisfied their checks most likely would have been reasonable and proportionate. And given her level of affordability, I don't think it would have been unfair to approve this loan.

This means I don't think NatWest should have provided Mrs B with loans 6, 7, and 8.

I've 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

I don't think NatWest ought to have granted the February 2023, September 2023, and May 2024 loans. Therefore, I don't think it's fair for it to be able to charge any interest or charges under the credit agreement. But I think Mrs B should pay back the amounts she borrowed. Therefore, NatWest should:

Add up the total repayments Mrs B has made and deduct these from the total amount of money Mrs B received.

a) If this results in Mrs B having paid more than she received, any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement). † NatWest should also remove all adverse information regarding these accounts from Mrs B's credit file.

b) If any capital balance remains outstanding, then NatWest should arrange an affordable and suitable payment plan with Mrs B. Once Mrs B has cleared the balance, any adverse information in relation to the accounts should be removed from her credit file.

† HM Revenue & Customs requires NatWest to take off tax from this interest. NatWest must give Mrs B a certificate showing how much tax it's taken off if she asks for one.

My final decision

My final decision is that I'm upholding Mrs B's complaint about National Westminster Bank Public Limited Company. They should resolve things 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 19 November 2025.

Sarrah Turay
Ombudsman