

The complaint

Mr W says NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ('Nat West'), irresponsibly lent to him. He says it didn't take reasonable steps to ensure he could afford the card repayments. And that it didn't ensure he wouldn't face significant financial difficulty when making the card repayments.

Mr W's complaint has been brought by a representative and I've referred to Mr W and the representatives' comments as being from Mr W for ease of reading.

What happened

This complaint is about two credit card agreements that Mr W took out:

- Card 1 was started on 12th January 2022 with a credit limit of £3,003.
- Card 2 was started on 5th December 2022 with a credit limit of £2,850.

Mr W has complained to Nat West who didn't uphold it. It thought it'd done proportionate checks, which showed that Mr W could afford the lending. It didn't make any errors when it approved Mr W's card applications. Mr W didn't agree with this and brought his complaint to the Financial Ombudsman Service.

Our Investigator didn't uphold Mr W's complaint. He wasn't persuaded that Nat West had made proportionate checks before approving the cards. But he thought that if Nat West had made better checks before card 1 it would've seen that the lending was affordable. And there wasn't enough information to say that better checks before card 2 would have shown it was unaffordable.

Mr W didn't agree with the Investigator. He thought that our Investigator should have calculated Mr W's credit expenditures differently, in that he should have used 5% of his credit card balances to estimate his expenditure rather than the 2.5% he did use. And noted that two month bank statements had been provided before card 2 was started. Our Investigator didn't think that using the higher repayments made a difference to their calculation.

There was some further correspondence, but no new issues were raised. Because Mr W didn't agree, this matter has been passed to me to make a final 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.

When someone complains about irresponsible and/or unaffordable lending, there are two overarching questions I need to consider when deciding what's fair and reasonable in all of the circumstances of the complaint. These are:

1. Did Nat West complete reasonable and proportionate checks to satisfy itself that Mr W would be able to repay the credit in a sustainable way?
 - a. if so, did Nat West make a fair lending decision?
 - b. if not, would reasonable and proportionate checks have shown that Mr W could sustainably repay the borrowing?
2. Did Nat West act unfairly or unreasonably in some other way?

And, if I determine that Nat West didn't act fairly and reasonably when considering Mr W's application, I'll also consider what I think is a fair way to put things right.

Did Nat West complete reasonable and proportionate checks to satisfy itself that Mr W would be able to repay the credit in a sustainable way?

There's no set list for what reasonable and proportionate checks are, but I'd expect lenders to consider things such as the amount, duration, and payments of the finance being applied for, as well as the borrowers' personal circumstances at the time of each application.

Nat West has explained that it asked Mr W what his income was before each card was approved. Mr W said he was earning £2,600 a month before card 1, and £2,100 a month before card 2. It found out he was single with no dependents and renting a property.

It estimated Mr W's expenditures using statistical data. For card 1 it thought that his housing costs were £521 a month and he was paying £641 a month for his other living costs. He was also paying £133 a month to his other credit commitments. And for card two his monthly costs were £787 for living costs, £476 in housing costs, and credit repayments of £299.

It checked Mr W's credit file and found out what debt he had. Before card 1 he had unsecured debt of £5,100 and before card two this had increased to £9,000. There were no signs of repayment problems.

Nat West says that all this information showed that both the card repayments were likely to be affordable for Mr W.

Nat West hasn't been able to fully evidence the checks themselves; it only has a summary of the information it gathered. So, our Investigator, wasn't satisfied that these checks were reasonable and proportionate.

Whilst I can see why our Investigator reached this conclusion, I'm not sure I entirely agree. The credit advanced was relatively modest, and the repayments would have been similarly modest. I'm not fully persuaded that Nat West needed to do more here.

That said, as it hasn't provided full detail about what its checks would've shown I've gone on to consider what further checks may have shown it.

Mr W has provided an up-to-date copy of their credit report. As this also shows historic data, I'm satisfied this will give a good indication of what Nat West would've seen on the credit file it obtained when it considered his finance application.

Based on this report, while it's clear that Mr W had credit when he applied for the cards, with Nat West, he was maintaining all the payments and there were no indications of any financial difficulties. The information in the credit report is very similar to what NatWest had. I don't think Nat West should have declined the card due to Mr W having other credit.

Mr W has also provided copies of his bank statements for the periods just before the start dates of the cards. While I wouldn't have expected Nat West to have asked Mr W for copies of these, I'm satisfied that these statements would give a good indication of what Nat West would likely have taken into consideration had it asked Mr W to verify, or provide more information about, his income and committed expenditure during that specific period.

Our Investigator used these to calculate Mr W's income and expenditure before card 1. I'm not going to replicate all the detail of this as all parties to the complaint have seen it. Mr W said the estimated credit card repayment should have been higher in this assessment but, as our Investigator said, this doesn't make a difference to the affordability calculation. So, I don't think it's been demonstrated that the card repayments would have been unaffordable for him.

And I've looked at his bank statements for other signs of financial difficulty in the time before he started both cards. I can't see any difficulty here; there is nothing to show that Mr W was struggling to make any of his repayments. Or that he was otherwise in any financial difficulty. And it's worth noting that when Mr W submitted the complaint to this service it said the rationale for saying the cards may be unaffordable was that he had other debt and he had made the minimum repayment to his revolving credit once. I don't think this is enough.

So, and while I appreciate this will come as a disappointment to Mr W, I'm satisfied that, had Nat West carried out more detailed checks, I think that it's likely that it would still have found the cards to be sustainably affordable.

Did Nat West act unfairly or unreasonably in some other way?

I have considered 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 it lent irresponsibly to Mr W or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

I haven't seen anything to make me think Nat West acted unfairly or unreasonably in some other way.

My final decision

For the reasons set out above, I don't 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 1 December 2025.

Andy Burlinson
Ombudsman