

Complaint

Mr B has complained about a credit card Nationwide Building Society (“Nationwide”) and subsequent limit increase provided to him. He says that this credit was unaffordable for him and he had to go onto payment plans which caused ongoing difficulty.

Background

Nationwide initially provided Mr B with a credit card which had a credit limit of £3,500.00 in December 2013. In July 2014, the limit was increased to £4,400.00.

In September 2024, Mr B complained saying that the credit card and the limit increase were unaffordable for him and he had to go onto payment plans which caused ongoing difficulty.

Nationwide did not uphold Mr B’s complaint. It believed that Mr B had complained too late. Mr B remained dissatisfied at Nationwide’s response and referred his complaint to our service.

When responding to our request for its file on Mr B’s complaint, Nationwide reiterated its belief that Mr B had complained too late. One of our investigators reviewed what Mr B and Nationwide had told us. She thought that while we could look at Mr B’s complaint, she wasn’t persuaded that Nationwide had done anything wrong or treated Mr B unfairly. So she didn’t recommend that Mr B’s complaint be upheld.

Mr B disagreed and asked for an ombudsman to look at the complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Basis for my consideration of this complaint

There are time limits for referring a complaint to the Financial Ombudsman Service. Nationwide has argued that Mr B’s complaint about the decision to provide the card was made too late because he complained more than six years after the lending decision; as well as more than three years after he ought reasonably to have been aware of his cause to make this complaint.

Our investigator explained why it was reasonable to interpret Mr B’s complaint as being one alleging that the relationship between him and Nationwide was unfair to him as described in s140A of the Consumer Credit Act 1974 (“CCA”). She also explained why this complaint about an allegedly unfair lending relationship had been made in time.

Having carefully considered everything, I’ve decided not to uphold Mr B’s complaint. Given the reasons for this, I’m satisfied that whether Mr B’s complaint about the specific lending decisions was made in time or not has no impact on that outcome.

I'm also in agreement with the investigator that Mr B's complaint should be considered more broadly than just the lending decisions. I consider this to be the case as Mr B has not only complained not about the decision to lend but has also alleged that this unfairly caused ongoing financial difficulty as he had to go onto payment plans.

I'm therefore satisfied that Mr B's complaint can therefore reasonably be interpreted as a complaint about the overall fairness of the lending relationship between him and Nationwide. I acknowledge Nationwide may not agree that we can look at Mr B's complaint. Furthermore, having considered Mr B's response to our investigator's initial assessment it is clear that he also disagrees with the basis upon which we're able to consider his complaint. But given the outcome I have reached, I do not consider it necessary for me to make any further comment, or reach any findings on these matters.

In deciding what is fair and reasonable in all the circumstances of Mr B's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Mr B's complaint can be reasonably interpreted as being about the fairness of the lending relationship between him and Nationwide, relevant law in this case includes s140A, s140B and s140C of the CCA.

S140A says that a court may make an order under s140B if it determines that the relationship between the creditor (Nationwide) and the debtor (Mr B), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship. S140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given Mr B's complaint, I therefore need to think about whether Nationwide's decision to initially lend to Mr B, increase his credit limit on the occasions it did, or its later actions resulted in the lending relationship between Mr B and Nationwide being unfair to Mr B, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr B's relationship with Nationwide is therefore likely to be unfair if it didn't carry out reasonable and proportionate checks into Mr B's ability to make his repayments in circumstances where doing so would have revealed the credit card, or the to been unaffordable, or that it was irresponsible to lend. And if this was the case, Nationwide then didn't somehow then remove the unfairness this created.

I've considered Mr B's complaint in this context.

Our approach to complaints about irresponsible and unaffordable lending

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mr B's complaint.

Nationwide needed to make sure it didn't lend irresponsibly. In practice, what this means is Nationwide needed to carry out proportionate checks to be able to understand whether Mr B could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Application to Mr B's complaint – Did Nationwide act fairly and reasonably when offering Mr B a credit card or increasing his credit limit?

What's important to note is that Mr B was provided with a revolving credit facility rather than a loan. Mr B was initially provided with a credit limit of £3,500.00. This means that Nationwide was required to understand whether a maximum of £3,500.00 could be repaid within a reasonable period of time.

Given the length of time that's passed, Nationwide hasn't been able to provide details of what it saw about Mr B's circumstances at the time of his application, or the credit limit increase. However, I can see that Mr B declared having an annual income of £28,500.00. I also understand that Mr B didn't have any significant adverse information such as defaulted accounts or county court judgments recorded against him at the time he applied for this credit card or when his limit was increased.

The information Mr B has provided shows that he was employed and receiving a regular income. Furthermore, when what I've been able to discern of Mr B's regular committed expenditure is deducted from his income, he seems to have had sufficient funds left over in order to repay £3,500.00 and then £4,500.00 over a reasonable period of time.

Mr B has carried out his own line-by-line analysis of his bank statements and in his view he didn't have sufficient funds to make the payments to these credit limits. I'm not necessarily persuaded by Mr B's assessment of his income and expenditure at the time. In any event and more importantly, Mr B's analysis has been carried out with the use of bank statements. As Nationwide didn't need to obtain copies of Mr B's bank statements, I'm not persuaded that proportionate checks would have gone into the level of granularity Mr B's analysis has.

I've also noted that when it initially approved this application, Nationwide providing Mr B with a promotional 0% interest balance transfer on this card. This enabled Mr B to transfer some of his existing debt, to a much lower interest rate, on to this account. Furthermore, this was in circumstances where there wasn't a history of Mr B obtaining funds in this way and then breaching the terms and conditions of the agreement therefore losing the terms of the balance transfer offer either.

So I'm satisfied that Nationwide was reasonably entitled to believe that approving this credit card could potentially have left Mr B in a better financial position. Indeed, the limited information provided shows that Mr B was able to fully repay the balance that he did initially transfer and this was the reason why Mr B was offered his limit increase.

In reaching my conclusions, I've also considered what Mr B has said about the balances he owed to his other creditors in 2018 being higher than his annual salary and that his overall

level of indebtedness should be considered. However, Mr B's overall debt balance in 2018 isn't in itself reflective of Mr B's financial position in December 2013 and July 2014. I don't agree with Mr B when he says that what he owed in 2018 is necessarily reflective of what he owed years earlier.

For the sake of completeness, I'd also add that it's only fair and reasonable for me to uphold a complaint in circumstances where I'm satisfied that proportionate checks will more likely than not have shown a lender that the payments were unaffordable. It is not sufficient for me to uphold a complaint simply because there is a possibility that the credit may have proved gone on to be unaffordable a few years after having been granted.

In this case, I've not seen sufficient evidence to be persuaded that it is more likely that not that Mr B was provided with a credit card and subsequent credit limit increase that were unaffordable for him in December 2013 and July 2014. Mr B's position in 2018, does not persuade me that this was the case. Consequently, I'm not persuaded that it was unfair for Nationwide to offer this credit card or the limit increase to Mr B, or that it doing so created unfairness either.

Overall, and based on the available evidence I don't find that Mr B's relationship with Nationwide was unfair. I've not been persuaded that Nationwide created unfairness in its relationship with Mr B by irresponsibly lending to him whether when agreeing to provide him with a credit card or increasing his credit limit. I don't find Nationwide treated Mr B unfairly in any other way either based on what I've seen.

So while I can understand Mr B's sentiments, I sympathise with the difficulties he's had and appreciate why he is unhappy, I'm nonetheless not upholding this complaint. I appreciate this will be very disappointing for Mr B. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 1 December 2025.

Jeshen Narayanan
Ombudsman