

The complaint

National Westminster Bank Public Limited Company provided Miss A with a loan. She says the loan was provided irresponsibly.

What happened

Miss A complains about the loan below:

Date	Capital	APR	Term	Monthly repayment
October 2022	£5,000	28.9%	60 months	£148.17

The details of this complaint are well-known to both parties, and the facts aren't in dispute, so I won't repeat them again here.

I issued my provisional decision on 20 October 2025 saying I was minded to uphold Miss A's complaint. I felt this was fair as I didn't think NatWest carried out sufficient checks given the term of the loan – and had it, NatWest ought to have concluded the loan wasn't sustainable given Miss A's persistent use of the overdraft she had with them.

Miss A accepted my provisional decision, but NatWest did not. It explained it didn't think Miss A's persistent use of her overdraft should have been a reason not to grant the loan.

I've taken on board what NatWest has said but it doesn't change my mind.

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.

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 Miss A's case.

I don't think the loan was provided fairly because:

- I don't think the checks NatWest did before providing the credit were reasonable and proportionate given the term of the loan and what it knew about Miss A's financial situation.
- If NatWest had done proportionate checks, I think it's likely these would have shown it was unfair to grant Miss A the loan.
- Based on the information NatWest held about Miss A's circumstances at the time, I think it should have realised she was likely to be unable to sustainably repay what she was being lent.

- Given the term of the loan, I think more checks should have been carried out to determine if Miss A could sustainably repay what she borrowed over the entire 60 months. As Miss A banks with NatWest, it had access to her statements and how she was managing her account. This means it easily could identify that despite their affordability calculations; Miss A would see a credit balance for no more than a few days each month. And given the purpose of this loan was declared as redecoration, and not debt consolidation, this additional borrowing was unlikely to change her reliance on borrowing. This means NatWest had sufficient information to understand it was most likely Miss A would use credit, in the form of her NatWest overdraft, to repay the loan – which isn't fair or reasonable. Had NatWest taken this into consideration it wouldn't have been able to fairly conclude Miss A could repay the loan sustainably.

This means I don't think NatWest should have provided the loan to Miss A.

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 Miss A 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

As I don't think NatWest ought to have granted the loan, 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 Miss A should pay back the amount she borrowed. Therefore, NatWest should:

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

a) If this results in Miss A 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 this account from Miss A's credit file.

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

† HM Revenue & Customs requires NatWest to take off tax from this interest. NatWest must give Miss A 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 Miss A's complaint about National Westminster Bank Public Limited Company and I'm asking it to do as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 9 December 2025.

Sarrah Turay
Ombudsman