

## The complaint

Mrs H complains NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (NatWest) lent to her irresponsibly and treated her unfairly.

## What happened

In August 2022, Mrs H took out a credit card with NatWest. The card had an initial credit limit of £3,450. In December 2023, NatWest increased Mrs H's credit limit to £4,500. Her credit limit was increased again twice more, to £5,600 in September 2024 and in November 2024 to £6,000. Mrs H applied to increase her credit limit further in December 2024 however her request was declined.

In June 2025, Mrs H complained to NatWest that they'd lent to her irresponsibly on the basis sufficient affordability checks weren't completed and her overall circumstances weren't taken into consideration at the time of the applications.

NatWest sent Mrs H their final response, but they didn't uphold her complaint. In summary, they said her applications were subject to automatic assessments with the credit reference agencies (CRAs) before being approved, that she was eligible for the credit and met their stringent affordability checks.

Mrs H disagreed with NatWest's response, so she referred her complaint to our service. She said she believed their lending decisions were irresponsible because:

- She was in persistent long term overdraft debt, never entering a credit balance – yet they continued to offer and increase credit.
- Large credit card balances, large repayments and then immediate spending showed she was struggling.
- No proper affordability checks were carried out, with NatWest instead appearing to have relied only on credit scoring.

One of our Investigators looked into things and while she didn't think the checks NatWest carried out prior to the initial application or any of the credit limit increases were proportionate, she thought that if NatWest had done proportionate checks, they would've likely shown the lending to have been affordable. Because of this, she didn't think NatWest had acted unfairly by approving the credit for Mrs H.

Mrs H disagreed with our Investigator, in part, reiterating her reliance on her overdraft and said the income figures referenced by NatWest did not accurately reflect her true disposable income due to the costs involved from her being self-employed.

Mrs H also noted her severe medical conditions and the treatment costs which she has to pay out and she shared the pressures, stress and impact that NatWest's lending has had on her wellbeing.

Mrs H said while she had not disclosed her medical conditions to NatWest, this wasn't because she was unwilling to, rather because she was never asked. She said, having been a customer of NatWest for around 20 years, placing the responsibility on her to volunteer her medical information feels unreasonable. She added that it would surely have been easier for them to have asked simple, direct questions about disability during the lending applications.

Our Investigator's opinion didn't change, and she remained of the opinion further checks would likely have shown the initial account and the subsequent credit limit increases were affordable. She added that due to Mrs H using her bank account for both business and personal transactions, reviewing the statements had been difficult but that she'd included purchases for what looked to be business related transactions within Mrs H's outgoings when calculating her affordability.

Our Investigator also said she included the treatment costs Mrs H referred to within her calculations but that as she'd not seen any evidence to show NatWest would've been aware of her circumstances at the time of their lending decisions, she didn't think they'd acted unfairly.

Mrs H remained unhappy providing further background about her medical conditions and highlighting what she considered ought to have been red flags for NatWest to have become aware of her financial and personal vulnerabilities. She again said placing the burden on her of bringing her medical conditions to NatWest's attention ignores the ongoing reality of her living with chronic pain disability and complex medical care and that the Financial Conduct Authority's (FCA) guidance is that firms should take steps to identify and support vulnerable customers.

Because no resolution could be reached, this case has been passed to me to decide.

### **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 done so, although I appreciate it'll come as a disappointment to Mrs H, I'm not upholding her complaint and for much the same reasons as our Investigator. I'll explain why.

But first, Mrs H has put forward her complaint in detail and has provided a large amount of evidence to support her claim, especially in relation to her medical conditions. In the first instance, I want to thank her for doing so. I'm sorry to hear of the conditions she lives with, and I know her background can't have been easy for her to share.

It's important for me to say, I'm aware I've summarised this complaint in much less detail than has been provided, and I've done so using my own words. No discourtesy is intended by this. Instead, I've concentrated on what I think are the key issues here. Our rules allow me to do this. This reflects the nature of our service as an informal 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 detail, especially in relation to Mrs H's personal circumstances, to be able to reach what I think is the right outcome that's reasonable in the circumstances of this complaint. Instead, I've focused on what I consider to be the crux of my reasoning for reaching the outcome I have.

How we handle complaints about irresponsible and unaffordable lending is explained on our website.

It's this approach I've used when deciding Mrs H's complaint. NatWest needed to ensure that they didn't lend irresponsibly, which in practice means they needed to carry out proportionate checks to be able to understand whether any lending was affordable for her before agreeing to provide the credit.

The rules that apply to credit agreements are set out in the FCA's consumer credit sourcebook (CONC). Section 5.2A of CONC is relevant here, as – among other things – it talks about the need for businesses like NatWest to complete reasonable and proportionate creditworthiness assessments before agreeing to lend someone money.

I've considered these rules by asking the following questions:

- Did NatWest complete reasonable and proportionate checks to satisfy themselves Mrs H would be able to meet the repayments of the borrowing without experiencing significant adverse impact on her financial situation?
  - If they did, was their decision to lend to Mrs H fair?
  - If they didn't, would reasonable and proportionate checks have shown that Mrs H could sustainably repay the borrowing?
- Did NatWest act unfairly or unreasonably in any other way?

For ease, I'll address Mrs H's initial credit card application before going on to address the increases to her credit limit.

But, in respect of all NatWest's lending decisions, I want to first acknowledge the strength in which Mrs H feels they ought to have both, identified her disabilities and/or medical conditions – and then taken them into account when deciding whether to lend to her or not.

I think it's important to say I wouldn't expect to see a lender refuse to provide credit simply because someone was disabled so I don't agree them simply asking within the application process about disability would've been acceptable.

Mrs H has acknowledged she didn't let NatWest know about her conditions until recently and I'm not persuaded signs such as the receipt of disability allowance for example into an account should prompt a business to pry further into a consumer's personal circumstances.

Instead, I would expect to see NatWest carry out reasonable checks, proportionate to the credit in question to decide if it is responsible to lend to a consumer and that its both affordable and sustainable for them to manage. It's this on which my decision will focus on.

#### Did NatWest complete reasonable and proportionate affordability checks?

What's considered reasonable and proportionate in terms of the checks a business undertakes will vary depending on the details of the borrowing and the consumer's specific circumstances at the time.

#### *Initial credit card application –*

Here, NatWest approved a credit card for Mrs H with a limit of £3,450. This meant if she was to have utilised the full limit straightaway, I think she would've needed to have made monthly repayments of around £170 to have paid back the borrowing within a reasonable period of time.

So, I think in the first instance NatWest approved a credit limit for Mrs H that was fairly substantial both in respect of the amount of credit and the monthly repayments I think they ought to have factored in, so my starting point is that I'd expect to see NatWest to have gained a good understanding of her financial situation, proportionate to the credit in question.

At the time of her application, Mrs H declared a net monthly income of £1,000, that she wasn't married, she had no dependents and that she was living with her parents.

NatWest used statistical data to estimate Mrs H's living costs to be around £488 and used the information they'd obtained from the CRAs to calculate she had commitments to her existing credit of £113.

NatWest said Mrs H didn't declare any other expenditure during the application. NatWest said they calculated her disposable income to be around £399 a month and that she needed around £121 to be able to afford the new credit.

NatWest have also provided a copy of the CRA data they obtained which showed she owed £1,600 to existing creditors and that she appeared to be managing her accounts well, with no signs of late payment, no county court judgements, defaults or delinquencies and that she had not taken out any new credit accounts in the six months prior.

But given the size of the credit limit here, and the modest net monthly income declared, I think NatWest ought to have taken steps to verify her income. Because Mrs H banked with NatWest, I think it would've been easy for them to have done this, so I'll now go on to decide what they would've seen if they had of done. But first, I'll look at whether I think NatWest completed reasonable and proportionate affordability checks when increasing Mrs H's limit.

#### *All credit limit increases –*

On each occasion before increasing Mrs H's credit limit, NatWest say a creditworthiness assessment was undertaken using CRA data, existing account performance and credit scoring, which included an affordability assessment. They add alongside checking for significant adverse data, the affordability check assessed her actual ability to pay the new limit based on recent payment behaviour.

But I've not seen any specific details of NatWest's affordability assessment, nor have I seen they took any steps to verify her income prior to extending her credit. So, I think NatWest ought to have done more here. I can't say the checks carried out before each limit increase were proportionate.

#### If NatWest had carried out proportionate checks, what would they have found?

##### *Initial credit card application –*

I think the information NatWest ought to have looked further into was already available to them as Mrs H banked with them and had done for many years.

NatWest took Mrs H's declared net monthly income as being £1,000, but I think they ought to have taken steps to have verified what funds she was in receipt of.

Mrs H's bank account statements were complex with both personal and business-related transactions both crediting and debiting the accounts.

But my role here isn't to identify every specific transaction, nor is it to complete a forensic

investigation into Mrs H's finances. It's also important to remember that I'm now reviewing this data in hindsight.

What is clear is that had NatWest taken steps to have verified Mrs H's income, I think they would have seen that between her receiving benefit payments and income from her self-employment, she earned much more than the £1,000 declared. I think they likely would've verified she was in receipt of on average around £2,500 each month.

Further, with the information already available to them, I don't think NatWest needed to rely on statistical data especially given the low income initially declared. Had NatWest reviewed Mrs H's existing account I think they would've seen her expenditure was more likely than not more than the statistical data suggested.

As I've explained, I also think the maximum repayment they ought to have factored in for the new credit card ought to have been slightly higher than the figure they used. But, given the income I think they would have been able to verify, I'm satisfied they more likely than not would've been able to establish that the new lending was more than affordable for her.

Mrs H's account was in an overdrawn position throughout the whole three months prior to the application. But this was an agreed overdraft limit, and while it wasn't ideal, I don't think this alone was a reason to decline her for lending. And the CRA data NatWest obtained showed them Mrs H had very little in terms of other existing credit and that what she did have was being managed well.

So, in summary, while I think NatWest ought to have completed more checks at the time of the initial credit card application, I think had they done, based on the information available to them, they, more likely than not, could've fairly decided the lending was both affordable and sustainable for Mrs H. I think their decision to lend to her was a fair one.

#### *All credit limit increases –*

As explained above, I think the information NatWest ought to have looked further into was already available to them at the time of each limit increase as well. Further, NatWest now also had a good understanding of how Mrs H had managed her credit card prior to each of their lending decisions.

Having looked at Mrs H's credit report to get an understanding of what NatWest likely saw, I can see she took no significant credit out elsewhere, aside from modest communications accounts, prior to any of the limit increases approved. There were no signs of any adverse data, that she was in financial difficulties or had an unsustainable reliance on credit.

While, as she was previously, Mrs H remained in receipt of a mixture of benefits and income, in the three months prior to each increase she could be seen on average to be receiving at around a minimum of £2,500 a month.

This figure increases substantially prior to the September 2024 increase and while it reduces slightly prior to the November 2024 lending decision, I think NatWest could see that Mrs H was still in receipt of more income than in comparison to what I think they could've verified at the time of the account opening.

Based on the income received, and the additional repayments I think would've been required towards the new credit limits should Mrs H have utilised the full limits straightaway, I'm satisfied from the essential expenditure seen on her statements, excluding the spend that I consider to be non-essential, all the lending decisions appeared to be affordable.

I'm satisfied Mrs H's management of the credit card prior to each increase further supports this. Since the credit cards inception, prior to the December 2023 increase, Mrs H made repayments to her account totalling around £6,250. This was in comparison to the total minimum repayments she was required to make over the same period of around £820.

Between the December 2023 and September 2024 limit increase Mrs H's due minimum repayments totalled around £850. She repaid around £4,850 over the same period. And between September 2024 and November 2024 a total of around £375 minimum repayments were due with Mrs H actually repaying a total of around £1,300 over the same period.

While I acknowledge Mrs H continued to spend on the account, I can't say she didn't appear to be managing the account well when doing so. The repayments she continued to make each month suggested to NatWest the account was both affordable and sustainable. I don't think they acted unfairly by increasing her credit limit on any of these three occasions.

In summary, I think NatWest ought to have looked further into Mrs H's income and expenditure and I've not seen the specific results of NatWest's affordability assessments in respect of the credit limit increases.

However, prior to all lending decisions, Mrs H appeared to have a consistent income and essential expenditure that showed the lending was both affordable and sustainable. I'm not upholding this complaint.

#### Did NatWest act unfairly or unreasonably in some other way?

After having increased Mrs H's credit automatically in September 2024 and approving a further small increase when she requested one two months later, Mrs H asked for a further increase in December 2024. Having increased the limit twice over the four months prior, NatWest declined this further request.

Following Mrs H informing NatWest of her disabilities and medical conditions in June 2025, they agreed to place a breathing space hold on her account waiving all interest and charges for three months.

They also provided contact details should Mrs H require support with financial difficulties both internally and externally.

From the evidence I've seen, I've not seen anything to suggest NatWest have treated Mrs H unfairly or unreasonably in any other way. However, NatWest remain aware of her situation, so I'll remind them of their responsibility going forward to treat her with forbearance and due consideration.

I've also considered whether NatWest acted unfairly or unreasonably in some other way given what Mrs H has complained about, including whether it's relationship with her might have been unfair under s.140A Consumer Credit Act 1974.

However, for the same reasons I've set out above, I've not seen anything that makes me think this was likely to have been the case.

#### **My final decision**

For the reasons I've explained above, my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 9 April 2026.

Sean Pyke-Milne  
**Ombudsman**