

The complaint

Mrs M complains The Royal Bank of Scotland plc (RBS) failed to carry out thorough enough affordability checks before it approved a loan for her.

What happened

Mrs M says RBS agreed a loan for £6,500 payable over five years in June 2021. Mrs M says RBS failed to carry out thorough enough financial checks before the loan was approved and if it had looked at her bank account held with them, it would have seen she was already borrowing elsewhere and the loan was unaffordable to her. Mrs M says the cost of the new loan meant she had to take out further debt and made her financial situation worse.

Mrs M wants RBS to refund all interest and charges on the loan with statutory interest.

RBS says before it approved the loan it carried out various affordability checks, based on information contained within Mrs M's application, her bank account activity and historic conduct, alongside data provided by credit reference agencies (CRA's) and other external sources as part of its credit scoring. RBS says from that information there was no adverse credit information such as CCJ's or defaults and the income Mrs M declared was verified from her bank account.

RBS says it relied on the information Mrs M declared on her application to calculate her monthly expenditure in addition to the data provided by CRA's and other external sources, to ensure the loan payments were affordable and sustainable. RBS says it feels it carried out appropriate financial affordability checks before the loan was approved.

Mrs M wasn't happy with RBS' response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator pointed out that there were no set list of checks lenders like RBS must carry out before approving any credit lines, but these should be borrower focused.

The investigator says RBS carried out credit checks to assess Mrs M's financial position and this showed no evidence of any defaults or CCJ's and there was no obvious signs of any financial pressure at the time the loan was approved. The investigator says after RBS had completed its affordability assessment, this showed Mrs M had a monthly net disposable income of £365 after allowing for all existing credit commitments, housing costs and living expenses to meet the new loan payment of £172 per month.

The investigator felt RBS' affordability checks were reasonable and proportionate and the new loan payments looked affordable and sustainable at the time the loan was approved.

Mrs M didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I was sorry to learn Mrs M is experiencing financial issues and that must be a source of worry for her.

When looking at this complaint I will consider if RBS acted irresponsibly when it approved a loan of £6,500 for Mrs M in July 2021.

Mrs M's complaint centres around her view RBS failed to conduct thorough enough financial affordability checks before it approved the loan, and it would have been clear from her bank account with them that she was already borrowing elsewhere and the new loan was unaffordable.

While I understand the points Mrs M makes here, I'm not fully persuaded by her argument and I will go on to explain why.

As the investigator has pointed out there are no set list of checks lenders like RBS must carry out before approving credit facilities, but these should be borrower focused taking into account the amount, type, term and cost of any borrowing. I should say here it's not for me to tell RBS what those checks must consist of, or from what sources those checks should come from.

Here from the information I have seen, before RBS approved the loan it relied on information regarding Mrs M's income and expenditure declared by her in her online application and verified this by using data provided by CRA's, her bank account activity with them and other external sources. From those checks I can see there was no adverse credit information such as defaults, CCJ's or any other payment issues and her bank account was well run. So with that in mind I'm satisfied RBS carried out reasonable and proportionate checks here.

I can also see as part of its affordability assessment, RBS verified Mrs M's declared income by referencing her bank account activity, which showed her income was much in line to what she had declared. RBS also used external data sources to establish Mrs M's monthly expenditure and based on this and from what Mrs M had declared, this showed she had a net disposable income of £365 per month to meet the new loan payments of £172 per month after all living ,housing and existing credit costs.

So with that in mind, I am satisfied RBS' affordability assessment was thorough here and the new loan looked affordable and sustainable at the time the loan was approved.

I've also considered whether RBS acted unfairly or unreasonably in some other way given what Mrs M has complained about, including whether its relationship with her might have been unfair under s.140A Consumer Credit Act 1974. However, for the same reasons I have set out above, I've not seen anything that makes me think this was likely to have been the case.

While Mrs M will be disappointed with my decision, I won't be asking anymore of RBS here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 3 February 2026.

Barry White
Ombudsman