

The complaint

Mr S says NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ('NatWest'), irresponsibly lent to him. He said he already had significant lending when it approved a new loan. He was unable to adequately repay all this lending due to the further NatWest borrowing. He thinks NatWest should've made better checks and it would have seen that he was in financial difficulty and not lent to him.

What happened

This complaint is about a personal loan that Mr S took out in September 2020. Mr S borrowed £10,000. The loan had a term of 63 months, the first three months were a 'payment holiday' and then Mr S was due to make 60 repayments of £185.13. There was a total to repay of £11,039.

Mr S complained to NatWest saying it hadn't properly considered his circumstances. He said he already had a significant amount of debt, and the additional loan led to him experiencing financial difficulties later.

NatWest considered this complaint, and it didn't uphold it. It thought it'd made reasonable and proportionate checks, which showed Mr S could afford the lending. Mr S didn't agree with this and brought his complaint to the Financial Ombudsman Service.

Our Investigator didn't uphold Mr S' complaint. He thought that NatWest had made proportionate checks, and these showed the loan was likely to be affordable for Mr S.

Mr S didn't agree with the Investigator and asked that his complaint be considered by an Ombudsman. An Ombudsman has looked at this complaint and has not upheld it. She said that NatWest had made reasonable and proportionate checks that showed the lending was affordable. She believed that NatWest had made a fair lending decision.

However, Mr S had been informed that he needed to provide any comments, or evidence, he wanted an Ombudsman to consider before a certain date. But the Ombudsman considered the complaint before this date, and so Mr S lost the opportunity to provide information for the Ombudsman to look at. Because of this the previous final decision, by the consent of both parties, has been set aside. The complaint has been passed to me to review afresh.

Mr S has been given an opportunity to provide further evidence and comment. He has now provided the submissions he said he would have made, if he had been given the opportunity to. He provided substantive comment about his complaint alongside 14 supporting appendices. These appendices were, and provided detail about:

- Information about the amount of rent he was paying.
- His tenancy agreement from the time.
- An income verification bundle.
- His Financial Ombudsman Service submission email from 7 May 2025.
- An income analysis and why 'CATO' had failed to correctly assess his income.
- His actual expenses between May 2021 and October 2021.

- A GDPR extract and forbearance request.
- Some information about utility arrears.
- His credit report from August 2025.
- Vehicle purchase information and evidence to demonstrate how he spent the loan proceeds.
- Some information about business rent receipts.
- His Financial Ombudsman Service complaint dated 23 October 2025.
- His Financial Ombudsman Service Investigator opinion from 18 September 2025.
- His Financial Ombudsman Service final decision from 20 October 2025.

And in a later email Mr S clarified that this submission was formed of information he had already provided in May and June 2025. So, it's acknowledged that all of it (except the service complaint, Investigator findings and Ombudsman's decision), were provided to the Financial Ombudsman before the Investigator and Ombudsman considered the complaint.

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

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

Did NatWest complete reasonable and proportionate checks to satisfy itself that Mr S 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.

NatWest asked Mr S what his income was as part of the application process, and he said it was £2,480 a month. NatWest said that it verified this using a tool provided by a credit reference agency ('CRA') called a current account turnover check, also known as a CATO check. NatWest said that this tool informed it that Mr S' income was likely to be accurate.

The regulators rules are such that a lender shouldn't generally rely on a consumer's declared income but should verify this independently. It says that information from a CRA can be an acceptable way to do this. Because of this, I think it's reasonable to say that NatWest validated Mr S' income.

It also asked Mr S about his expenditure, and he told it that he paid housing costs, that is mortgage and rent costs, of £599 a month and he already had loan repayments of £486 a month.

NatWest also looked at Mr S' credit file and found out that he did have some other loans and a credit card. This verified that the loan repayments were as Mr S said and he was also paying around £18 a month to his credit cards.

The CRA information also showed that Mr S was up to date with all the repayments to his creditors and bills. There were no missed repayments, returned direct debits or evidence of other more serious signs of financial difficulties such as defaults.

NatWest then used statistical data to determine if the amounts he had provided were reasonable and estimated his other costs. After having done this it thought that his general living costs would be £770 a month, his housing costs would be £625 a month, his existing loan repayments were £486 a month and his credit card payments were £18 a month. It assessed his total monthly expenditure to be £1,900 which it said left him with enough left over to repay the new loan.

Again, the regulator says that the use of statistical data can be reasonable to verify expenditure, and I think it was in this case.

Having considered everything I've been provided I think that the checks NatWest did were reasonable and proportionate and these showed that Mr S was likely to be able to afford the lending. I think its lending decision was fair.

Mr S has provided a significant amount of information both before and after we had considered the complaint, as I've outlined above. I have considered the information he has provided.

My role here, and the role of the Financial Ombudsman Service, is to consider whether a business has acted correctly, and within the regulatory framework that exists, in respect of the matters complained about. As I've said above, I think NatWest has done this and so it wouldn't be right to now say that the business needed to gather any further information to inform it about its lending decision.

That said, I will comment on some of the information provided to help me explain in more detail why this is. And to reassure Mr S that I have considered the information he has provided.

NatWest did have access to Mr S' bank statements and it could be reasonable to say that it should have considered these. I don't think a 'line by line' analysis of these would be proportionate, but it could have been reasonable for NatWest to use these to identify any problems Mr S was having.

I have looked at these, but I don't think they show any cause for concern. Mr S does have a regular income which looks to be more than what he declared to NatWest, and he seems to be meeting his regular commitments without issue. I think if NatWest had considered the bank statements it would have reinforced its decision that the lending was reasonable.

Mr S has provided information that showed his rent was around £1,600 a month, which was significantly higher than what he told NatWest when he applied for the loan. He did have other debts which included personal loans of about £15,000 and he said he had some debts to utility providers. He's also provided some detailed information about his income and the sources of this, and information about some business rent that he received.

I can accept that there is a degree of complexity in Mr S' circumstances and, as he says, some of his income and expenditure amounts may have been different from those used in NatWest's assessment. But I think to have found out all this NatWest would have needed to make a much more detailed assessment than it did. I don't think it would have been proportionate to have made this more detailed assessment, given what it knew out about Mr S and the lending. So, I don't think it could, or should, have factored this information into the assessment it did.

Having considered everything, I think NatWest's checks were proportionate and it made a fair lending decision. I don't think it has lent to Mr S irresponsibly.

Did NatWest 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 S 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 NatWest acted unfairly or unreasonably in some other way.

My final decision

For the reasons set out above, I don't uphold Mr S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 January 2025.

Andy Burlinson
Ombudsman