

The complaint

National Westminster Bank Public Limited Company provided Mr F with a loan for £5,500 in March 2024, repayable over five years with monthly instalments of around £166. Mr F says the loan was provided irresponsibly.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them here. The facts aren't in dispute, so I'll focus on explaining my findings.

I sent Mr F and NatWest my provisional decision on 24 February 2026. I explained why I was planning to uphold the complaint. I said:

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

Having done so, I'm intending to uphold this complaint, so I'll explain why.

The rules and regulations in place at the time NatWest provided Mr F with the loan required it to conduct a reasonable and proportionate assessment of whether he could afford to repay what he owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means NatWest had to think about whether repaying the credit would cause difficulties or adverse consequences for Mr F. In other words, it wasn't enough for NatWest to consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Mr F.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether NatWest did what it needed to before providing the loan.

In his application, Mr F declared a net monthly income of around £2,400. He also declared monthly housing costs of £900.

NatWest obtained information from a credit reference agency (CRA), which showed low levels of existing debt and no reports of previous defaults.

Using that information, NatWest performed an affordability assessment, which included £941 for general living costs, £155 for repayments against the existing debt showing in the CRA. It also increased the housing costs from the £900 Mr F had declared, to £1,026 to reflect recent trends.

This left an estimated disposable income of £278, which NatWest considered reasonable. However, it hadn't factored in the repayments for the loan being applied for here. After taking that into account, Mr F would have only around £112 remaining each month for unexpected expenses and other discretionary spend.

As the loan was for a period of five years, I think NatWest should have performed further proportionate checks to understand Mr F's income and expenditure, to ensure the repayments were both affordable and sustainable over the term of the loan.

There's no set way for how NatWest should have carried out further checks; it could have asked Mr F about his income and expenditure or, if it felt it appropriate, it could have reviewed his bank statements, which would have been straightforward as Mr F held a current account with NatWest.

In reaching my decision, I have used Mr F's bank statements as it is an easy way for this service to understand what proportionate checks would have likely revealed.

Having done so, I can see that the account Mr F held with NatWest was being regularly used for significant gambling transactions, appearing to total in excess of £10,000 in the three months prior to the loan application.

Therefore, I don't think NatWest should have provided the loan and if it had performed further proportionate checks, it would have come to the same conclusion.

Mr F accepted my decision, but NatWest didn't. In summary NatWest felt the account maintained good conduct, that Mr F hadn't made it aware of any issues with gambling, and that gambling isn't illegal.

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.

NatWest hasn't provided any additional evidence following my provisional decision and I'm not persuaded by its comments.

Whilst gambling of course isn't illegal as NatWest have said, the amount that Mr F had spent gambling in the three months prior to the loan, poses a significant risk to him being able to sustainably maintain the repayments over a five year period.

So for the reasons explained I above, I am upholding this complaint.

I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm proposing in this case, as set out below, results in fair compensation for Mr F 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 provided the loan, I don't think it's fair for it to be able to charge any interest or charges under the agreement. But I think Mr F should pay back the amounts he has borrowed. Therefore, National Westminster Bank Public Limited Company should:

- Add up the total repayments Mr F has made and deduct these from the total amount of money Mr F received.
 - a) If this results in Mr F having paid more than he has received, any overpayments should be refunded along with 8% simple interest per year* (calculated from the date the overpayments were made until the date of settlement).
NatWest should also remove all adverse information regarding this account from Mr F's credit file.
 - b) Or, if any capital balance remains outstanding, then NatWest should arrange an affordable and suitable payment plan with Mr F. Once Mr F has cleared the balance, any adverse information in relation to the loan should be removed from his credit file.

* HM Revenue & Customs requires NatWest to take off tax from this interest.
NatWest must give Mr F a certificate showing how much tax it's taken off if he asks for one.

My final decision

I'm upholding this complaint and direct National Westminster Bank Public Limited Company to settle things as I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 7 April 2026.

David Barker
Ombudsman