

Complaint

Mr L has complained about two credit cards that National Westminster Bank Public Limited Company (“NatWest”) provided to him.

He says that the credit cards and the subsequent limit increases were unaffordable for him and resulted in him experiencing adverse consequences. This is especially bearing in mind he was able to use the cards to fund gambling even after he sought to have such transactions blocked.

Background

In January 2013, NatWest provided Mr L with a credit card (“Card A”) with an initial limit of £9,550.00. Mr L’s credit limit was then increased on two occasions at the following times:

October 2022 – limit increased to £10,950.00

February 2025 – limit increased to £11,000.00

In April 2025, NatWest provided Mr L with a second credit card (“Card B”). NatWest provided Mr L with a credit limit of £11,700.00 on this card.

Later in April 2025, Mr L complained saying that the credit cards and the limit increases NatWest provided were unaffordable for him and caused him to experience adverse consequences and continued financial difficulty¹.

NatWest did not uphold Mr L’s complaint. It was satisfied that proportionate checks had been carried out at the time of Mr L’s applications as well as when he was offered the limit increases and so it was reasonable to lend. When responding to our request for its file on Mr L’s complaint, NatWest told us that it believed Mr L had complained too late about its initial decision to provide Card A to him.

One of our investigators reviewed what Mr L and NatWest had told us. And she thought NatWest hadn’t done anything wrong or treated Mr L unfairly in relation to providing Card A or increasing Mr L’s credit limit on the occasions that it did on this card. However, she didn’t think that NatWest had acted fairly and reasonably in providing Card B and it needed to refund all of the interest and charges that it added on that card. So she recommended that Mr L’s complaint be partially upheld.

NatWest accepted the investigator’s conclusions. However, Mr L did not as he didn’t think that the investigator’s assessment properly considered the impact of gambling transactions made notwithstanding gambling blocks applied which caused him to accrue balances he’s found difficult to repay. As the parties have not been able to resolve matters, the case was passed to an ombudsman for review.

¹ For the sake of completeness, I should point out that Mr L also complained about NatWest having unfairly provided him with unsecured personal loans. However, we’ve already explained that we’re consider that complaint separately. So this decision solely concerns Mr L’s credit cards.

As NatWest has already accepted that it shouldn't have provided Card B to Mr L, I won't be considering whether it acted fairly and reasonably when agreeing to provide this card. This final decision will only be considering whether NatWest acted responsibly in providing Card A and the subsequent limit increases on it to Mr L, whether it acted fairly and reasonably in relation to any gambling blocks on the cards and if it did not, if and how this affects what needs to be done to put things right on Cards A and B.

My findings

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

Basis for my consideration of this complaint

There are time limits for referring a complaint to the Financial Ombudsman Service. NatWest has argued that Mr L's complaint about the initial decision to provide the Card A was made too late because he complained more than six years after the lending decision; as well as more than three years after he ought reasonably to have been aware of his cause to make this complaint.

Our investigator explained why it was reasonable to interpret the complaint as being one alleging that the relationship between Mr L and NatWest was unfair to him as described in s140A of the Consumer Credit Act 1974 ("CCA"). She also explained why this complaint about an allegedly unfair lending relationship had been made in time.

Having carefully considered everything, I've decided not to uphold Mr L's complaint. Given the reasons for this, I'm satisfied that whether Mr L's complaint about the specific lending decisions was made in time or not has no impact on that outcome.

I'm also in agreement with the investigator that Mr L's complaint should be considered more broadly than just the lending decision. I consider this to be the case as Mr L has not only complained not about the decision to lend but has also alleged that this resulted in an unfair lending relationship.

I'm therefore satisfied that Mr L's complaint can therefore reasonably be interpreted as a complaint about the fairness of his relationship with NatWest. I acknowledge NatWest may not agree that we can look at part of Mr L's complaint, but given the outcome I have reached, I do not consider it necessary for me to make any further comment, or reach any findings on these matters.

In deciding what is fair and reasonable in all the circumstances of Mr L's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Mr L's complaint can be reasonably interpreted as being about the fairness of the lending relationship between him and NatWest, relevant law in this case includes s140A, s140B and s140C of the CCA.

S140A says that a court may make an order under s140B if it determines that the relationship between the creditor (NatWest) and the debtor (Mr L), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship. S140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given Mr L's complaint, I therefore need to think about whether NatWest' decision to initially lend to Mr L, increase his credit limit on the occasions it did, or its later actions resulted in the lending relationship between Mr L and NatWest being unfair to Mr L, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr L's relationship with NatWest is therefore likely to be unfair if it didn't carry out reasonable and proportionate checks into Mr L's ability to make his repayments in circumstances where doing so would have revealed the credit card or the limit increases to be unaffordable, or that it was irresponsible to lend. And if this was the case, NatWest then didn't somehow then remove the unfairness this created.

I've considered Mr L's complaint in this context.

Were the decisions to provide Card A and the subsequent credit limit increases unfair?

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mr L's complaint.

NatWest needed to make sure it didn't lend irresponsibly. In practice, what this means is NatWest needed to carry out proportionate checks to be able to understand whether Mr L could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

NatWest says the information it obtained indicated that Mr L would be able to make the monthly repayment due on this credit card. It says similar checks were carried out before the credit limit was increased on the occasions that it was and these checks also showed the limit increases to be affordable. On the other hand, Mr L says that the credit card and limit increases were unaffordable and caused him to experience adverse consequences. I've considered what the parties have said.

NatWest's initial decision to offer Mr L Card A

Mr L was provided with a revolving credit facility rather than a loan. This means that to begin with NatWest was required to understand whether a credit limit of £9,550.00 could be repaid within a reasonable period of time.

I understand that NatWest is likely to have carried out a credit search but given the length of time since Mr L's application it no longer has a record of this. In any event, I haven't seen anything to indicate that Mr L had any significant adverse information - such as defaulted accounts or county court judgments recorded against him in January 2013.

Furthermore, Mr L's declared income around this time indicates that he is likely to have had enough to meet the repayments to this credit card as well as his declared living expenses. As this is the case, I'm satisfied that it wasn't unfair for NatWest to offer Mr L a credit card with a limit of £9,550.00 in January 2013 and therefore there was no unfairness created when NatWest accepted Mr L's application for Card A.

The credit limit increases Mr L was offered on Card A

As I've explained in the background section of this decision, NatWest increased Mr L's credit limit on Card A on two occasions. It firstly increased Mr L's credit limit by £1,400.00 to £10,950.00 in October 2022, before the limit was then increased by a further £50 to £11,000.00 in February 2025.

Bearing in mind the fact that Mr L could be left with having to repay £10,950.00 and then £11,000.00 within a reasonable period of time, I do think that it would have been reasonable and proportionate for NatWest to have found out a bit more about Mr L's regular living costs before offering these increases. As I can't see that this was something that NatWest did do, I don't think that it carried out reasonable and proportionate checks before providing these increases to Mr L.

That said, having looked at copies of Mr L's NatWest current account statements which his living costs appear to have been paid from, I'm not persuaded that Mr L's regular non-discretionary living costs were higher than what NatWest believed at the time of his application.

I accept that Mr L says that his actual circumstances at the time were worse than what this information shows. He's said that his account with NatWest was a joint account that he shared with his partner and that his sole account was with a different bank. Mr L has said that he's been struggling with gambling since 2017 and the statements for his sole account would have shown that he was gambling in a way which meant that he shouldn't have been lent further funds, at the time of the limit increases.

I've thought about what Mr L has said and sympathise with the difficulties that he has had. However, I also have to keep in mind that I don't think that the circumstances here warranted NatWest obtaining the statements for Mr L's sole account with another bank. This is especially as the credit searches NatWest carried out not only continued to show that Mr L had no significant adverse information recorded against him, but what he did have was being managed reasonably well (and in the case of the first limit increase decreasing). Equally, the joint account statements highlight Mr L's main committed and non-discretionary expenditure.

As I can't see that NatWest that Mr L's actual living expenses and non-discretionary expenditure was higher than what he declared it to be, I don't think that NatWest could reasonably be expected to know that Mr L's circumstances were worse than what proportionate checks are likely to have shown, or that this may have resulted in the limit increases being unaffordable.

So I don't think that NatWest requesting further information about Mr L's actual living costs, would have shown it that it shouldn't have offered to increase Mr L's credit limit on Card A on the occasions that it did. Consequently, I'm not persuaded that it doing more here would, in

any event, have made a difference to its decisions to lend and I don't think that it was unfair for NatWest to offer these credit limit increases, or that it doing so created unfairness either.

Mr L's arguments regarding his debt unfairly increasing as a result of NatWest processing transactions which enabled him to gamble

Mr L has said that he's been struggling with problem gambling since 2017 and that NatWest treated him unfairly by allowing him to continue making such transactions even after 'gambling blocks' were applied to his account. He thinks it is unfair for him to be responsible for repaying an increased balance in these circumstances.

I've carefully considered what Mr L has said.

In the first instance, I wish to say that I'm sorry to hear that Mr L has had a difficult time. And I do sympathise with the position he's been left in. That said, I do think that it may be helpful for me to explain that applying a gambling block to a credit card doesn't mean that the funds can never be used to gamble. This is because the card transactions made by a customer aren't monitored by human beings before being individually processed.

Indeed, the modern world we live in sees transactions made in places all over the world and by various methods. For example, a customer can make a transaction via the internet without having to be physically present where a merchant is located. The sheer number of card transactions made over the course of even a single day means that a system requiring a manual review of the circumstances prior each transaction being processed, would be unworkable.

As a result, many financial institutions – including NatWest – use algorithms to monitor transactions. And where a customer requests that certain types of transactions are blocked – like Mr L did here by requesting a gambling block – the institution's algorithms will seek to identify certain transactions and prevent them from being authorised and processed.

These blocks rely on the institution's algorithm identifying certain Merchant Categorisation Codes ("MCCs") and preventing transactions associated with the relevant code. So in practice when a gambling block is applied to an account the financial institution's algorithm will seek to prevent any transactions made to a merchant using a gambling MCC.

However, because the algorithm is configured to spot transactions made to merchants using a gambling MCC, it won't identify a transaction made to a merchant using a different MCC even if that transaction does enable the customer to gamble. For the avoidance of doubt, I should add that it is the merchant's responsibility to use the correct MCC. Indeed, a lender is likely to prefer to correct the MCC to be used as gambling transactions are typically treated as cash advances and attract additional card charges.

With the above in mind, I've looked at the merchants that Mr L authorised transactions to and which he is unhappy that NatWest processed, including the ones made after Mr L asked for all gambling transactions to be permanently blocked. Having done so, I can't tell that the transactions in question are obviously transactions to gambling companies – some of them are also made to companies based outside of the United Kingdom and in Euros, rather than sterling.

Indeed, it is only because Mr L has told us that these are transactions he made in order to be able to gamble funds from his credit card that I have reason to even consider this possibility. In these circumstances, I don't think that a human being manually reviewing these transactions prior to them being processed, as part of any block, would necessarily have prevented them from going through.

In any event, as I've explained, NatWest used an algorithm when Mr L utilised the gambling block feature. This was something it was reasonably entitled to do and I don't think that the algorithm could reasonably be expected to have realised these were transactions made to gambling merchants. As this is the case, I'm not persuaded that NatWest processed transactions that it ought reasonably to have known that it was required to prevent, because of the gambling block that Mr L requested on his account.

For the sake of completeness, I would also add that there were periods when Mr L was able to make payments to more recognisable entities that used gambling MCCs in order to process payments. However, this was in periods either prior to Mr L requesting a gambling block in the first place, periods where Mr L had removed the gambling block and/or the period where a block was being implemented. As this is the case, I'm not persuaded that NatWest unfairly authorised these transactions either.

I accept that NatWest did provide Mr L with some conflicting information in relation to how the gambling block operated. However, while NatWest accepts that it could have provided clearer information about the gambling block and has provided Mr L with £100 in compensation as a result, I'm not persuaded that Mr L being provided with the correct information about the operation of the gambling block would have prevented the transactions Mr L is unhappy about.

Ultimately, the gambling block's limitations and what NatWest could reasonably be expected to do, means that I don't think that Mr L knowing more about how it worked, would have prevented him from using his card in the way that he did.

Therefore, while I sympathise with Mr L's difficulties and I'm sorry to hear about the effect being able to use his credit card to gamble has had on his financial position, I don't think that NatWest unfairly processed gambling transactions on his credit cards. As this is the case, I don't think that NatWest needs to refund, or write off, the gambling transactions that Mr L was able to make on either Card A or Card B and I'm not persuaded that it would be fair and reasonable for me to make an alternative award either.

Overall, and based on the available evidence I don't find that Mr L's relationship with NatWest was unfair. I've not been persuaded that NatWest created unfairness in its relationship with Mr L by irresponsibly agreeing to provide him with Card A, or in respect of the credit limit increases on this card. Equally, any unfairness that may have been created by NatWest providing Mr L with Card B has since been removed as a result of it agreeing to refunding any interest it added to this account. Based on what I've seen, I don't find that NatWest treated Mr L unfairly in any other way either.

So overall and having considered everything, while I can understand Mr L's sentiments and appreciate why he is unhappy, I'm satisfied that what NatWest has already agreed to do to put things right is fair and reasonable in all the circumstances. I'm therefore not requiring it to do anything more or do anything further. I appreciate this will be very disappointing for Mr L as it's clear that he feels strongly about his case. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm satisfied that what National Westminster Bank Public Limited Company has already agreed to do to put things right for Mr L is fair and reasonable in all the circumstances of the complaint. So I'm not requiring it to do anything more or anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 12 February 2026.

Jeshen Narayanan
Ombudsman