

The complaint

NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ('NatWest') provided Miss H with a loan in August 2023. Miss H borrowed £5,000 and she was due to make 36 monthly repayments of £203.22. Miss H says the credit was provided irresponsibly and she thinks the interest rate was too high.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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 considered everything, I'm not upholding Miss H's complaint. I'll explain my reasoning below:

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account in deciding Miss H's case.

I don't think the checks NatWest did before providing the loan were reasonable and proportionate given the size and term of the loan it offered, and what it knew about Miss H's financial situation. NatWest hasn't been able to provide full details about what it looked at before approving the loan. And the recent credit report Miss H provided shows that she had some current repayment problems with some of her other credit. So, I think NatWest should have investigated this in more detail, and it can't show that it did this.

NatWest has said that it asked Miss H what her income was and said it cross checked this using a tool provided by a credit reference agency. It's provided information about this, and it seems reasonable to say that NatWest established what Miss H's income was.

NatWest says that it also asked Miss H about her expenditure and used statistical data to cross reference this. It said that it looked at her credit file and found out about her existing borrowing, and how much she was paying to that. NatWest has not been able to show the information it says it obtained. But it has confirmed that it didn't see any adverse credit repayment history, such as missed or late payments, or more serious indicators of financial problems such as defaults or county court judgements. But, as I said, I do not consider that NatWest carried out proportionate checks and so I've used evidence from Miss H to see what NatWest would have seen if it had done more.

Miss H has provided her bank statements for the period just before the loan and a recent credit report. To be clear I'm not saying that NatWest needed to look at bank statements, but they do show what it might have found out if it had made more detailed checks. Our Investigator looked at these and calculated that when her expenditure was taken from her income, she would likely have enough left over to repay the new loan. Miss H has said that

some of the funds going into and out of her account belonged to family members, but our Investigator didn't rely on these transfers in their affordability assessment. I don't think it's reasonable to say that the income and expenditure amounts were materially incorrect, and they show the loan was affordable.

I can see that Miss H strongly disagrees with the outcome our Investigator reached about this, and I've noted what she said about her living arrangements. But, perhaps most importantly, there isn't any sign from her bank accounts that she was in financial difficulty at the time. She did use her overdraft, but I can't see any significant missed payments or other signs of financial distress. And there are no signs of significant difficulties such as defaults or County Court Judgements.

Miss H's credit report does show that she had recently made payments late to one of her loans. This seems to have been at the beginning of the year, and Miss H hadn't been able to make up this late payment, but she also hadn't fallen further into arrears. This is a concern, but NatWest has said it didn't receive information about this, and in any event, I don't think it would be enough to say it lent irresponsibly if it had seen this and still lent.

Overall, I think if NatWest had done proportionate checks, I don't think it's likely these would have shown it was unfair to provide the credit to Miss H. This is because based on the information NatWest and Miss H provided about her circumstances at the time, I don't think there is enough for me to be able to say that NatWest should have thought that Miss H would be unable to sustainably repay what she was being lent.

Miss H has complained that the interest rate was too high. But the interest does seem fairly typical for this kind of loan, and it was disclosed to Miss H when she took the loan out. The annual percentage amount and the actual interest rate can be different, but I've not seen that NatWest has provided incorrect information to Miss H about this. It has provided an excerpt from the explanations on its website that explains this. I'm not upholding Miss H's complaints about the interest rate on the loan.

I've listened to the recent phone call Miss H had between her and the Financial Ombudsman where she discussed various aspects of her complaint after our Investigator had provided an opinion about it. She outlined how vulnerable she was at the time due to some difficult family circumstances. I won't outline these here to protect her privacy, but I have listened to the call (and the other calls and correspondences on the file). I don't doubt this was a difficult time for Miss H and I hope her situation has improved.

But I don't think I can fairly conclude that NatWest shouldn't have provided credit due to these issues. As a starting point, the regulations that surround this are clear that a business can only act on this kind of circumstance if it is fully informed about it. Whilst Miss H did discuss this in 2025, I've not seen that she made this clear to NatWest in 2023. And even if she had, the regulations also indicate that refusing credit in circumstances where applicants have additional concerns is not the correct approach for a lender to take. I don't think it would have been here. I'm not persuaded that NatWest shouldn't have lent, given what else I've been told about Miss H's circumstances, because of her personal situation.

I don't think NatWest acted unfairly in any other way.

This means I don't think NatWest did anything wrong when it provided the loan to Miss H.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think NatWest lent irresponsibly to Miss H or otherwise treated her unfairly. I haven't seen

anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I know this isn't the outcome Miss H hoped for. But for the reasons above, I'm not asking NatWest to do anything to put things right.

My final decision

My final decision is that I'm not upholding this complaint about NatWest.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 4 March 2026.

Andy Burlinson
Ombudsman