

The complaint

Mr H complains that National Westminster Bank Plc (NatWest) lent to him irresponsibly when granting him a credit card. And that NatWest's resolution of a complaint about a payment plan linked to that card was inadequate.

What happened

Mr H applied for and was granted the following credit card from NatWest.

Date card issued	Credit Limit
January 2023	£9,700

In summary, Mr H says that NatWest lent to him irresponsibly when they offered him a credit card with a limit of £9,700. He says this limit was too high and made the card unaffordable. He says when he subsequently fell into difficulties, NatWest offered him a repayment plan.

This went wrong as NatWest hadn't set it up properly. Mr H says this caused him ongoing stress and significantly affected his mental health. He also says that the amount offered by way of apology by NatWest when dealing with his complaint wasn't enough to recognise the impact these issues have had on him.

Mr H complained to NatWest about the repayment plan in May 2025. Mr H says he also complained to the bank about the affordability of the card at this point, however NatWest have been unable to locate that complaint. NatWest have subsequently considered an affordability complaint (prior to our investigator reaching her view) and I am happy that both parties have had the opportunity to see and comment on those matters.

In their Final Response Letters, NatWest say appropriate and proportionate affordability checks were made and the amount of credit offered was appropriate in the circumstances. They didn't uphold the irresponsible lending aspect of Mr H's complaint.

On the payment plan, NatWest acknowledged their error. They offered a resolution including a refund of all interest paid during the period of the payment plan and offered £50 by way of apology. Mr H remained unhappy about the level of compensation offered in their response. NatWest acknowledged the impact their mistake had on Mr H and increased their offer from £50 to £100. Mr H remained unhappy with both responses and referred the matter to this service in June 2025.

An investigator considered the available evidence in Mr H's complaint. She felt that NatWest had made proportionate and reasonable checks and reached a fair lending decision when agreeing the card and credit limit.

Our investigator acknowledged that NatWest had made an error in setting up the repayment plan. But she felt their offer to refund the interest and pay £100 was fair and reasonable in the circumstances.

Mr H remained unhappy with the outcome, so the matter has been passed to me 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.

We've set out our approach to considering unaffordable and irresponsible lending complaints on our website – including the key relevant rules, guidance, good industry practice and law. In short, lenders must ensure that any credit that is approved is affordable and sustainable for the borrower. I've followed our approach when deciding Mr H's complaint.

After considering the evidence in this case and recognising that it will disappoint Mr H, I agree with the investigator's view. The significant area of dispute appears to centre around the amount paid by NatWest by way of apology. But, I will deal with the initial application, the issues with the payment plan and the offer of payment by way of apology before considering the outcome in the round.

Initial Application

When Mr H applied to NatWest for his card, he declared a monthly income of £2,700. He was living in rented accommodation and had no dependants. NatWest say Mr H's application passed their automated screening. Then NatWest used third party credit agency records to gather further information about Mr H's income and expenditure.

Mr H's credit file was not perfect. It showed a County Court Judgment (CCJ) and some previous defaults. The CCJ was 12 months old and the most recent default was 44 months before the application. NatWest considered these to be historic events not necessarily representative of the current financial position. I think this was a reasonable approach to have taken in these circumstances. More recent account management was good with no late payments and all active accounts up to date.

NatWest then applied a mix of information provided by Mr H, their credit agency bureau data and their own policies to estimate expenditure. Given the broadly positive recent content of the bureau file, with a debt to income ratio of 4% and with apparently good recent account management, I believe the checks performed by NatWest were reasonable and proportionate for this lending.

I am also persuaded that NatWest turned their minds to the affordability of the credit being offered. Their calculations based on the bureau file, internal models and application data indicated Mr H was likely to have sufficient disposable income to afford sustainable payments to the card.

It follows from what I've said, that I believe they made a fair lending decision for this application.

Issues surrounding the miscalculation of the payment plan

I have read Mr H's reply to the investigator's view. I have considered the points he makes about the impact this error has had on his stress and broader mental health. I have also read the internal NatWest correspondence covering the complaint and their considerations of an appropriate response to it.

I also note Mr H's concern that the investigator has not fully explained her rationale for keeping the payment by way of apology unchanged. I will address this later in my decision. In September 2024, having fallen into difficulties repaying the card, Mr H agreed a repayment plan with NatWest. He agreed to pay £167 per month for 24 months. Mr H says his understanding was that this would reduce the overall amount he owed to NatWest.

Six months into the repayment plan, NatWest's own internal checks showed that £167 per month would not repay the balance and interest that would continue to accrue. They wrote to Mr H about this. Mr H questioned whether interest should have been accruing over the repayment period at all. NatWest checked their call recordings and agreed there was an error as it was unclear what had been agreed about interest payments.

When considering what has happened here, I agree that NatWest made an error which could have been avoided. When we look at complaints such as this one, we would first always look to see if NatWest have put Mr H back in the position he would have been in had the error not occurred. I will also consider how NatWest responded to the complaint in the round.

I see that the calculation error was identified by NatWest's internal Quality Assurance checks. Once identified, it was brought to Mr H's attention promptly. NatWest then discussed available options and offered signposting and specialist account handling though these were declined by Mr H.

As part of their response, NatWest have offered an interest refund of £1,576.45 (and June 2025 interest waived), which is all of the interest that was accrued during the time Mr H's plan was in place. This is something they didn't need to do but have included as an acknowledgement of their error.

NatWest also agreed to discuss a new payment plan with Mr H (which may have been agreed since his complaint was referred to our service) and once agreed, to make any necessary credit file amendments.

I note Mr H's view that this error falls below what might be expected of a bank. It appears this is not disputed by NatWest as reflected by their offer. I think NatWest has acted reasonably in raising the error they identified quickly and looking to resolve this with Mr H.

Amount offered by way of apology

I note NatWest have increased their initial offer from £50 to £100 in response to points raised by Mr H. I am not minded to change the latest amount offered by NatWest. I will explain why I have decided this.

We've set out our approach to redress and non-financial losses including awards for distress and inconvenience on our website. I have followed these in considering this matter.

Having done so and addressing Mr H's specific point about clarity in this area, I think, it is appropriate that NatWest made a payment by way of apology. I think they have correctly placed this at a level falling within the first of our published bands.

So, I agree with the investigator that the amount offered by way of apology falls broadly within the award this service would have recommended.

Considering NatWest's offer in the round

In considering whether NatWest's offer is fair, I must consider more than just the amount offered by way of apology. This includes considering how the error was identified, the impact on Mr H, how NatWest sought to correct things and the resolution they offered to Mr H.

I recognise that not increasing the amount offered by way of apology will have disappointed Mr H. My comments on other parts of the resolution offered by NatWest may influence his view on the outcome.

I do not intend to change the repayments already made by NatWest as part of their offer. Had the matter come to me to decide in the absence of the NatWest offer, I would not normally have awarded a full refund of all interest paid for a complaint of this nature. To that extent, Mr H is already in a better position than if he had brought the whole matter to this service.

Given this, it follows that I think the offer made by NatWest is fair.

In reaching my conclusions, I've also considered whether the lending relationship between Mr H and NatWest might have been unfair to Mr H under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that NatWest did not lend irresponsibly when providing Mr H with the credit card or when resolving his subsequent complaint. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I don't uphold Mr H's complaint against National Westminster Bank Plc

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 2 March 2026.

Richard Bellamy
Ombudsman