

The complaint

Nationwide Building Society provided Mr W with a credit card in December 2023 with a credit limit of £5,950. Mr W says the credit was provided irresponsibly as Nationwide had recently supplied him with a loan for £15,000 and an increased overdraft facility.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here.

I sent Mr W and Nationwide my provisional decision on 30 January 2026. I explained why I was planning to uphold the complaint. I said:

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 Mr W's case.

In his application, Mr W declared an annual salary of £59,500, which was calculated by Nationwide to provide a net monthly income of around £3,500. He also declared monthly rental payments of £900.

Nationwide obtained information from a credit reference agency (CRA), which showed that Mr W had existing debt of around £21,600, which appeared to be well managed and there were no reported historic defaults.

Using that information, Nationwide performed an affordability assessment using the figures above. They also included around £775 for general household expenses, £1,200 for repayments against the existing debt showing in the CRA and around £330 for the monthly repayments of the new loan they had recently provided.

Nationwide have told our service that this calculation resulted in a remaining disposable income of around £575, but that isn't correct from what I've seen.

It actually results in a remaining disposable income of around £290. On that basis, I don't think their assessment should have stopped there, instead they should have looked at what the monthly repayments would be if Mr W utilised the full credit limit, as Nationwide needed to consider whether this was both affordable and sustainable for Mr W.

There are no set rules for what this monthly amount should be but for sustainability, ensuring the repayments are above the minimum required, I have estimated monthly repayments at 5%. If Mr W utilised his full credit limit, this would equate to around £300 per month, leaving him in a deficit.

This means I don't think Nationwide should have provided the credit card to Mr W.

Mr W agreed with my provisional decision, but Nationwide didn't.

In summary they said they couldn't include Mr W's repayments for his recent loan in their calculations because it was so recent it wasn't showing in the CRA checks.

Nationwide also disagreed with my calculations for the repayments for this credit card, stating that the minimum payments were only around £200 per month.

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.

With regards to repayments for the recent loan. I fully understand Nationwide's position on this, and if that loan had been provided by another lender, I would likely agree with them. However as it was Nationwide themselves who provided this loan, it is something that they should have been aware of and able to include the repayments in their affordability assessment.

To the point about repayments for this credit card. Nationwide are correct that the minimum required payments each month would be closer to £200. However, when I consider sustainability of repayments, it is fair to use a slightly higher figure, so that Mr W isn't solely able to make the minimum payment each month. For balance, I don't consider this to be a material point in any event; if I use the minimum repayment figure in an affordability assessment, I still find that Mr W doesn't have enough disposable income remaining, for the repayments to be considered sustainable.

In conclusion, I don't think Nationwide made a fair decision, when providing this credit card to Mr W.

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 W 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 Nationwide ought to have opened the account, I don't think it's fair for them to be able to charge any interest or charges under the credit agreement. But I think Mr W should pay back the amounts he has borrowed. Therefore, Nationwide Building Society should:

- Add up the total repayments Mr W has made and deduct these from the total amount of money he received.
 - a) If this results in Mr W 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). Nationwide should also remove all adverse information regarding this account from Mr W's credit file.
 - b) Or, if any capital balance remains outstanding, then Nationwide should arrange an affordable and suitable payment plan with Mr W. Once Mr W has cleared the balance, any adverse information in relation to the account should be removed from his credit file.

* HM Revenue & Customs requires Nationwide to take off tax from this interest. Nationwide must give Mr W a certificate showing how much tax they've taken off if he asks for one.

My final decision

For the reasons explained, I uphold this complaint and direct Nationwide Building Society to settle things as I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 26 March 2026.

David Barker
Ombudsman