

The complaint

Mr B complains National Westminster Bank Plc trading as Sainsbury's Bank (Sainsbury's) failed to carry out thorough enough financial checks, before it approved a credit card account for him.

What happened

Mr B says Sainsbury's approved a credit card account for him in October 2020 with a limit of £1,500 at a time when he was already under financial pressure. Mr B says if Sainsbury's had carried out more thorough financial checks at the time, it would have seen he was relying on outside credit to support his lifestyle and had a gambling issue. Mr B says Sainsbury's did nothing to help even though his credit card account fell into persistent debt.

Mr B wants Sainsbury's to refund all interest and charges on the account along with 8% simple interest and remove any adverse entries from his credit file.

Sainsbury's says before approving the credit card account it carried out financial checks using information declared in Mr B's application, alongside data collected from credit reference agencies (CRA's). Sainsbury's says its checks showed Mr B had a strong level of net disposable income to meet his existing commitments, with no obvious signs of financial stress and the checks it undertook were reasonable and proportionate for the amount of credit approved at that time.

Mr B wasn't happy with Sainsbury's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says there are no set list of checks lenders like Sainsbury's must carry out but these should be borrower focused. The investigator says at the time of the application Mr B was employed with a net monthly income of around £2,000, was living with his parents and after all essential living costs and credit commitments he had a net disposable income of around £900 per month.

The investigator says from the information she had seen, there was no adverse credit information and no obvious signs of financial difficulties, so the checks Sainsbury's carried out at the time were reasonable and proportionate and she wouldn't expect for further financial information to be necessary here. The investigator pointed out the initial borrowing was used as part of a balance transfer (BT) which was presumably to reduce the cost of existing credit.

Overall the investigator felt the checks Sainsbury's carried out were reasonable and proportionate and its decision to lend was fair. The investigator also says from the information she had seen, Mr B's account with Sainsbury's didn't meet the definition of persistent debt here.

Mr B didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I was sorry to learn Mr B is having financial issues and that must be a source of worry for him. When looking at this complaint I will consider if Sainsbury's acted irresponsibly when it approved a credit card account for him in October 2020.

Mr B's complaint centres around his view Sainsbury's failed to carry out thorough enough financial checks before it approved the credit card account with a limit of £1,500, in October 2020. Mr B maintains if Sainsbury's had obtained sight of his bank statements, it would have seen he was reliant on his overdraft and had gambling issues and that couldn't be seen from his credit file. Mr B has also suggested Sainsbury's never picked up on the fact he was in persistent debt on his credit card account.

While I understand the points Mr B makes here, I'm not fully persuaded by his argument and I will go on to explain why.

The first thing to say here is that I can't see Mr B raised the issue of persistent debt with Sainsbury's as part of his original complaint. That said from the information I have seen, I can't see that is relevant here as Mr B wasn't paying any interest for the first 27 months as part of a zero interest rate promotion, and paid interest between February 2023 and October 2024, during which time the limit had been reduced on two occasions.

As the investigator has pointed out there are no set list of checks lenders like Sainsbury's must carry out before approving credit facilities, but these should be borrower focused taking into account the amount, type, term and cost of any borrowing. I should say here it's not for me to tell Sainsbury's what those checks must consist of, or from what sources those checks should come from.

From the information I have seen, before the credit card limit was agreed Sainsbury's carried out credit searches, income and expenditure assessments and referenced information contained in Mr B's application, in which he declared he was employed earning circa £30,000 per annum. Based on what I have seen, there was no indication of external financial pressure nor any indication on his credit file of defaults or CCJ's.

Those checks showed Mr B had a net disposable income (NDI) of around £971 per month and he was living with his parents at the time. So it's reasonable to say he had a healthy NDI and bearing in mind the new credit limit was initially at 0% interest and was used to reduce existing borrowing, his overall indebtedness wasn't made any worse.

So here, I wouldn't expect in these circumstances for Sainsbury's to undertake the same level of intensive financial due diligence one might expect to see for say a larger committed long term loan. So, I'm satisfied from the affordability modelling Sainsbury's carried out, based on internal and external data sources, that was sufficient for it to conclude the new lending was affordable without the need for any other supporting financial information such as bank statements. So, Sainsbury's wouldn't have known of any gambling issues Mr B might have had at that time.

Taking everything into account, I'm satisfied before Sainsbury's provided what was a relatively modest initial credit card facility of £1,500, it carried out reasonable and

proportionate checks and its decision to lend was fair.

I've also considered whether Sainsbury's acted unfairly or unreasonably in some other way given what Mr B has complained about, including whether its relationship with him might have been unfair under s.140A Consumer Credit Act 1974. However, for the same reasons I have set out above, I've not seen anything that makes me think this was likely to have been the case.

While Mr B will be disappointed with my decision, I won't be asking anymore of Sainsbury's.

My final decision

My final decision is that I do not uphold this complaint.

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

Barry White
Ombudsman