

The complaint

Miss B's complaint is that National Westminster Bank Public Limited Company irresponsibly provided her with an unaffordable personal loan.

What happened

NatWest has provided Miss B with a number of lending products since 2012. My decision here deals with a personal loan provided in November 2022.

The loan was for £10,000 and had a term of 60 months with equal instalments of around £265. The loan had a total repayable value, including interest, of around £15,900. NatWest has confirmed that this account was passed to a third party debt collector to manage on its behalf in late 2023, and Miss B appears to be making payments to the debt through a payment plan.

Miss B complained to NatWest in 2025 saying it hadn't completed proportionate checks before approving this loan; and that better checks should have led to it identifying the loan wasn't sustainably affordable for her.

NatWest didn't uphold Miss B's complaint, saying its checks were proportionate and that it had fairly provided this loan. Unhappy with NatWest's findings Miss B referred her complaint to our service for review.

One of our investigators considered the details and didn't uphold the complaint, concluding NatWest had made a fair lending decision when providing Miss B with this loan. Miss B asked for an ombudsman's review, so the complaint was passed to me to decide.

I recently issued a provisional decision where I set out, with reasons, my initial thoughts on this case and what I was intending to decide.

The below is an extract from my provisional decision:

"The information in this case is well known to Miss B and NatWest, so I don't intend to repeat it in detail here. Instead, I've focused my decision on what I consider to be the key points of this complaint; so, while my decision may not cover all the points or touch on all the information that's been provided, I'd like to assure both parties I've carefully reviewed everything available to me. I don't mean to be discourteous to Miss B or NatWest by taking this approach, but this simply reflects the informal nature of our service.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website. I've used this approach to help me decide this complaint.

NatWest has said before providing this loan it validated Miss B's declared income by way of a check taking the average credit turnover through the account. It says it used Miss B's declarations and Office of National Statistics (ONS) data to understand her monthly non-discretionary expenditure and living costs, and that it completed a credit check to understand

Miss B's existing credit commitments and management of credit. NatWest has also said it looks at how existing accounts with it are managed. It says it considers its checks were proportionate and that it went on to make a fair lending decision when providing this loan.

I've carefully considered NatWest's arguments. Having done so, I'm not persuaded its checks were proportionate given the information it reasonably had available to it; and I don't currently consider it made a fair lending decision when providing this loan.

I say this because NatWest has said as part of its checks it considered Miss B management of existing accounts held with it. This would therefore have included the credit card that Miss B held at the time of this application.

Reviewing the management of the credit card across the previous 12 month period, I've seen Miss B incurred five late payment charges and in the most recent six month period incurred an overlimit charge in each month. Miss B contacted NatWest in June 2022 setting out circumstances for the adverse management of the account in the previous months. The contact notes I've seen show Miss B repaid the total outstanding balance on the credit card and declared that this was with the support of funds provided by a family member. Within two weeks Miss B started using the available limit, and by the end of the next statement period her activity had taken the balance back above its £8,000 limit. It remained over its limit in each of the months that followed when NatWest provided this loan.

I consider Miss B's management of the credit card ought reasonably to have caused NatWest concern.

NatWest hasn't provided us with the results of the credit check it completed; although it has told us there was no adverse information reported, and that it identified Miss B's existing monthly commitment to credit.

In the absence of the data sitting behind NatWest's check, I've reviewed the full credit file Miss B provided our service; I consider in the absence of information from NatWest, this allows me to reasonably understand what its credit check would more likely than not have shown it.

Looking back to the time of this lending Miss B's credit file shows no insolvency markers, CCJs or defaults; however, there is evidence of missed payments and arrears on multiple credit accounts.

Looking back 12 months prior to this loan being provided, Miss B's credit file shows four accounts that had missed payments reported, some as recent as April, May and June 2022. Some of these accounts had entered two months of arrears before they had been brought up to date, or settled with a nil balance. I consider, on balance, it more likely that NatWest's credit check would have identified recently reported arrears.

Taking all of the above into account, I consider proportionate checks ought reasonably to have led to NatWest looking to obtain a full understanding of Miss B's financial situation before providing this loan; by verifying her actual income and expenditure, rather than relying on tools to calculate averages and statistical data as it did.

NatWest provided us with Miss B's bank statements as part of its submissions; so, I've reviewed three months of statements leading up to this lending decision. I acknowledge that the rules and regulations aren't prescriptive in what information NatWest needed to review, but in the absence of any conflicting information, I consider these statements allow me to reasonably understand what proportionate checks would more likely than not have shown NatWest at the time.

While Miss B's salary is evident in August 2022, her statements show no salary from the same employer being received in September or October 2022. Miss B has told our service that she was suspended from her employment in August 2022, and that this was the last salary she received from it. As such, Miss B had no stable and guaranteed income to sustainably support repayment of the lending she was requesting.

I'm therefore persuaded whatever method NatWest may have used to verify Miss B's actual income (possibly but not limited to bank statements or payslips for example), that it wouldn't have obtained information evidencing an income.

I acknowledge the income validation check NatWest did complete by way of current account turnover satisfied it that Miss B had a reasonable level of income through the account to sustainably repay this new loan. However, this check would have taken into account various credits to the account, not specifically relating to income. Miss B's statements show multiple high value payments crediting the account – from what appear to be digital wallet providers, investment and trading companies, as well as family and friends. And I don't consider these payments could reasonably have been relied on by NatWest as guaranteed monthly income.

While after the event, within two months of this loan being provided Miss B obtained further lending from multiple high cost credit lenders, and within a further couple of months was unable to maintain payments to multiple credit accounts, including this loan and her credit card with NatWest. While I acknowledge NatWest wouldn't have had this information available to it at the time of its lending decision, I consider it adds further weight to my current findings that this loan wasn't sustainably affordable for Miss B.

I've not been made aware as to the purpose of this loan. I have considered whether if it had been declared as for debt consolidation purposes whether this would change the level of checking NatWest ought reasonably to have completed. Having carefully thought about this, I'm not persuaded it would. I say this because I consider Miss B's management of her credit card in the months before this lending should still have been of concern to NatWest, and led to it conducting more detailed checks than it did.

Miss B has made reference to a number of instruments NatWest should have taken into account in its dealings with her, including but not limited to, treating customers fairly, the Consumer Duty, and whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974.

As part of my review of this complaint, as with all complaints I decide, I have considered various instruments including but not limited to relevant law, rules and regulations, and good industry practice. However, I'm satisfied the redress steps I'm intending to direct NatWest to take, as set out below, results in fair compensation for Miss B in the circumstances of this complaint. I'm therefore satisfied, based on what I've currently seen, that no additional award would be appropriate in this case."

NatWest responded to my provisional decision and said it had nothing further to add. Miss B engaged with our service but didn't provide a response specifically setting out whether she accepted the provisional decision or not; nor did she provide any information or evidence for my consideration within the timeframe that was set out.

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.

As neither party has provided any new information or evidence for me to consider in response to my provisional decision, it follows that I see no reason to depart from the findings I set out within in.

So, in summary I consider NatWest had enough information available to it, which it ought reasonably to have taken into account, to suggest that further borrowing wasn't sustainably affordable for Miss B. It therefore follows I find the provision of this loan to have been unfair, and NatWest needs to take the below action to fairly resolve this complaint.

Putting things right

As I don't consider NatWest should have provided this loan, I don't consider it fair that Miss B should pay any interest or charges under the agreement. However, Miss B has had the use of the capital amount lent, so I consider it fair that she repays this. As such I direct NatWest to take the following action to resolve this complaint:

- Add up the total repayments Miss B has made towards the loan and deduct these from the total amount of money Miss B received.
- As a capital balance will remain outstanding, NatWest should arrange an affordable and suitable payment plan with Miss B. Once the outstanding balance has been repaid any adverse information reported to her credit file about this loan should be removed.

I acknowledge that NatWest has passed the loan to a debt management company to collect on its behalf; and that until at least recently Miss B was making monthly payments to the debt. NatWest should either take back management of the debt, or liaise with the third party to ensure the above steps are completed.

My final decision

For the reasons set out above I uphold Miss B's complaint and direct National Westminster Bank Public Limited Company to take the above action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 23 February 2026.

Richard Turner
Ombudsman