

The complaint

On 4 June 2018, National Westminster Bank Public Limited Company (NatWest) provided Mrs C with an £8,000 loan. It was to be repaid in 120 monthly instalments of £141.39. Mrs C says the loan was provided irresponsibly as it was never affordable for her.

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.

There are time limits for referring a complaint to the Financial Ombudsman Service, and NatWest thinks this complaint was referred to us too late. Our investigator explained why he didn't, as a starting point, think we could look at a complaint about the lending decision as that happened more than six years before the complaint was made. But he also explained why it was reasonable to interpret the complaint as being about an unfair relationship as described in Section 140A of the Consumer Credit Act 1974 (Section 140A), and why this complaint about an allegedly unfair lending relationship had been referred to us in time.

For the avoidance of doubt, I agree with our investigator that I have the power to look at the complaint on this basis. I think this complaint can reasonably be considered as being about an unfair relationship as Mrs C says the loan simply made her situation worse. It may have made the relationship unfair as she had to pay more than she could afford. I acknowledge NatWest still doesn't agree we can look at this complaint, but as I don't think it should be upheld, I don't intend to comment on this further.

Given what Mrs C has complained about, I need to consider whether NatWest's decision to lend to her, or its later actions, created unfairness in the relationship between her and NatWest such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mrs C's relationship with NatWest is therefore likely to be unfair if it didn't carry out proportionate affordability checks and doing so would have revealed its lending to be irresponsible or unaffordable, and if it didn't then remove the unfairness this created somehow.

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 Mrs C's case. Having done so, I've decided the credit was provided fairly because:

- I think the checks NatWest did before providing the credit were reasonable and proportionate given the amount of the loan and what it knew about Mrs C's financial situation. When she applied for the loan, Mrs C declared a monthly income of £3,700, and expenditure of £1,850 or so. As she banked with NatWest, it looked at her

account turnover and felt she would be able to afford the loan repayments of £140 or so. NatWest also checked Mrs C's credit file which showed she had no defaults or County Court Judgments.

- Based on the information NatWest gathered and what it knew about Mrs C's circumstances, there was nothing to suggest she was likely to be unable to sustainably repay what she was being lent.
- Mrs C has said she feels "*too much weight [has been placed] on the information available at the point of lending*". She says the fact that she fell into difficulties with the loan later and entered a debt management plan shows it was unaffordable.

But in order to decide whether a business has lent responsibly, I have to have regard for the information available at the time; it would not be reasonable for me to use hindsight. The party to the application that knew Mrs C's financial circumstances best was Mrs C herself. NatWest could only look at what she told it, her account and her credit file to decide if the loan appeared sustainable for her at the time. It could only base its decision on the information it could see.

- I can see from information she's provided that Mrs C has been in contact with NatWest about difficulties making the payments and arrears and NatWest has supported as I'd expect. For instance, in April 2020 NatWest refunded the amount she'd repaid towards arrears as a gesture of goodwill and offered the contact details for its collections department to establish a payment plan. This is in line with what I'd expect it to do. 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 Mrs C. For the reasons I've already given, I don't think NatWest lent irresponsibly to Mrs C or otherwise treated her unfairly. I know this isn't the outcome she 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 Mrs C's complaint about National Westminster Bank Public Limited Company.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 17 March 2026.

Richard Hale
Ombudsman