

The complaint

Miss B says Nationwide Building Society irresponsibly lent to her.

What happened

Miss B took out a loan for £5,000 over 48 months from Nationwide on 27 January 2025. The monthly repayments were £169.85.

Miss B says she was unemployed, having lost her job on 30 November 2024 due to health issues. She had taken out multiple other loans recently from different lenders totalling over £40,000 within a few months, indicating clear financial distress. She was still approved despite only having around £122.90 monthly disposable income (according to Nationwide's own calculation). This was not sustainable.

Nationwide says it carried out adequate checks that showed the loan would be affordable for Miss B.

Our investigator did not uphold Miss B's complaint. She found the lender's checks were not adequate but that it could fairly have made the same decision had it carried out better checks.

Miss B disagreed with this assessment and asked for an ombudsman's review. She said, in summary, the lending was unaffordable and irresponsible and Nationwide did not follow regulatory guidance. Under the Consumer Duty, Nationwide also had an obligation to avoid causing her foreseeable harm. Lending additional funds while she was unemployed and managing serious health issues directly worsened her financial and emotional hardship. She also raised new points about Nationwide's ongoing conduct since she complained. Our investigator explained Miss B would need to first raise this as a new complaint with the lender.

I reached a different conclusion to the investigator so I issued a provisional decision. An extract follows and forms part of this final decision. I asked for any further comments or evidence by 6 February 2026.

Extract from my provisional decision

Nationwide says that it carried out all relevant checks when making its decision and the loan was deemed to be affordable for Miss B.

I have reviewed these checks. Miss B declared she was employed with a net monthly income of £2,100 and living with her parents. Nationwide was able to successfully verify her income externally through one of the credit reference agencies. A credit check showed Miss B was making monthly repayments of £868 towards outstanding credit elsewhere. It estimated her living costs using national statistics. Based on all the information it gathered Nationwide concluded Miss B would have £122.90 monthly disposable income after taking on this loan, and it was therefore affordable.

I am not wholly satisfied these checks were proportionate given the level of debt Miss B already had (£29,553) however I need not comment further on this as even based on the information it had I don't find Nationwide made a fair lending decision. I'll explain why.

From its checks, that it believes were proportionate, Nationwide understood that Miss B would be left with £122.90 a month. This would need to cover all unexpected and seasonal expenses over the four-year term of this loan. It understood that giving this loan to Miss B meant she would need to spend around half of her verified income on repaying her debts each month. These two factors combined ought to have led Nationwide to consider that the lending was not sustainable – i.e. there was a real risk that Miss B would not be able to make her repayments without borrowing to repay or suffering some other adverse financial consequences. And it needed to consider this to meet its regulatory obligations. The loan was not for debt consolidation, the purpose Miss B selected was 'other' – it was wholly incremental debt with a new monthly cost. I think there were clear indicators that Miss B would most likely go on to struggle to repay this debt, as indeed she did.

Although I reached a different conclusion to the investigator I want to comment now, to avoid any confusion, on one of her findings. She found Miss B had a higher income that Nationwide used in its affordability assessment. However, she overlooked that Miss B used savings in December 2024 to compensate for her lack of income, having stopped work at the end of November 2024. So had Nationwide gone down the route she suggested, and reviewed Miss B's actual income for the three months prior to lending either via payslips or bank statements it would have learnt Miss B had no salary as of December 2024, and nor had she any benefits in place at this time. I cannot see that Nationwide, as a responsible lender, would have lent to her in such circumstances.

It follows I think Nationwide was wrong to lend to Miss B.

I then set out what it would need to do to put things right.

Nationwide did not respond to my provisional decision. Miss B responded but did not reference the findings in my provisional decision. Rather she raised her dissatisfaction with Nationwide's ongoing contact and enforcement action during the complaint process, particularly given her vulnerability.

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 general approach to complaints about unaffordable and irresponsible lending - including the key relevant rules, guidance and good industry practice - on our website and I've taken that into account when considered Miss B's complaint.

As neither party commented on the findings or conclusion in my provisional decision, I have no reason to change the outcome I set out.

For the reasons set out above I find Nationwide was wrong to lend to Miss B.

With regards the other points Miss B has made about Nationwide's conduct whilst the complaint investigation was ongoing, I would refer her to the investigator's email of 25 November 2025. Miss B's last email said we were investigating Nationwide's conduct, but that is not the case as the investigator explained. That would need to be the subject of a new complaint which she should first give the business the chance to investigate before referring to our service, if necessary.

Putting things right

In this case, I think it's right that Miss B should have to repay the capital she borrowed as she had the use of that money. But it is unfair that she should pay interest and charges on a loan that should not have been given.

So Nationwide will have to:

Add up the total amount of money Miss B received as a result of having been given the loan. The repayments Miss B made should be deducted from this amount.

a) If this results in Miss B having paid more than she received, any overpayments should be refunded along with 8% simple interest* (calculated from the date the overpayments were made until the date of settlement). Nationwide should also remove all adverse information regarding this loan from Miss B's credit file.

b) If any capital balance remains outstanding, then Nationwide should attempt to arrange an affordable and suitable payment plan with Miss B. I note Miss B has asked for the balance to be written off. I have found nothing in relation to the initial lending decision that leads me to instruct this. But Nationwide will consider what forbearance is now appropriate, taking into account both Miss B's current financial circumstances as well as her vulnerabilities. Once Miss B has cleared the balance (if that is what it deems appropriate), any adverse information in relation to this loan should be removed from her credit file.

*HM Revenue & Customs requires Nationwide to take off tax from this interest. Nationwide must give Miss B a certificate showing how much tax it's taken off if she asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

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 have directed above results in fair compensation for Miss B in the circumstances of her complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

My final decision

I am upholding Miss B's complaint. Nationwide Building Society must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 9 March 2026.

Rebecca Connelley
Ombudsman