

The complaint

Mr E complains that National Westminster Bank Public Limited Company lent irresponsibly when it approved a loan application.

What happened

Mr E had an existing loan with NatWest when he applied to refinance it and consolidate other debt into a new loan in July 2024. Mr E applied to borrow £32,950 plus interest over a 99 month term with monthly repayments of £467.95.

In his application, Mr E said he was employed with a net monthly income of £4,100. Mr E also said he was a homeowner with a mortgage that he was contributing £800 to a month.

NatWest says it checked Mr E's credit file and took his existing debts into account. NatWest also says it completed a credit scoring process and checked the affordability of the loan. Mr E's application was approved. £13,897.49 was used to settle the existing loan balance. NatWest then released £19,052 to Mr E's current account.

Mr E's current account statements show he used £3,907 to repay an existing NatWest credit card and £11,144 towards another credit card with a business I'll refer to as V. Transfers totalling £2,180 were made to an account with the notation "wedding fund" and £500 was paid to another account in Mr E's name.

Mr E has explained that in 2025 he remortgaged and use some of the funds to reduce the loan balance by £12,500.

More recently Mr E complained that NatWest lent irresponsibly and it issued a final response. NatWest said it had carried out the relevant lending checks before approving Mr E's application and didn't agree it lent irresponsibly.

An investigator at this service looked at Mr E's complaint. They noted NatWest wasn't able to provide the full details of its credit search or affordability calculations so couldn't conclude it completed proportionate checks before agreeing to lend. The investigator looked at Mr E's bank statements for the preceding months and felt they showed the new loan repayments were sustainable. The investigator wasn't persuaded NatWest lent irresponsibly and didn't uphold Mr E's complaint.

Mr E asked to appeal and said the affordability conclusion rested on assumptions of what he did with the loan funds but wasn't supported by evidence. Mr E also said the disposable income figure reached by the investigator left little scope for unexpected outgoings. Mr E also said insufficient weight was given to his pattern of lending including repeated refinanced credit commitments with multiple lenders. As Mr E asked to appeal, his complaint has been passed to me to make a 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.

Before agreeing to lend, the rules say NatWest had to complete reasonable and proportionate checks to ensure Mr E could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

As noted above, because of the way NatWest's systems work it hasn't been able to supply a full copy of Mr E's credit file or the affordability calculations. As a result, I haven't been able to see the specific details on which NatWest approved Mr E's loan application beyond the basic application information and some credit scores. Because the relevant information isn't available to review, I can't say proportionate checks were completed during the application.

Like the investigator, I've thought about what proportionate checks would've found. The most straight forward way to do this is to look at Mr E's bank statements. I've reviewed Mr E's bank statements for the preceding three months to get a clearer picture of his circumstances, income and outgoings. I found Mr E had a regular net monthly income of £3,502. Mr E supplied statements for his sole and a joint account that was used for household outgoings. Contributions of £400 a month were also paid in by the other joint account holder.

I looked at regular outgoings for items like Mr E's mortgage, utilities, unsecured debt repayments, communications, transport, insurances, groceries and Council Tax. I replaced Mr E's existing NatWest loan payment with the increased amount following the refinance. That led to average outgoings totalling around £3,530. That means Mr E would've had around £372 remaining each month.

I accept that Mr E's statements show he was already making substantial credit repayments each month. But I think it's fair to note Mr E was applying for a consolidation loan so there was an expectation that the fund would be used for that purpose. But even leaving Mr E's existing credit commitments in place along with the new NatWest loan payment, I think Mr E's statements show they were affordable.

In response to the investigator, Mr E said assumptions were made about whether the new loan led to a saving. But Mr E's bank statements and credit file show he used the majority of the funds to consolidate two credit cards, one with NatWest and the other with V. Mr E consolidated around £15,000 of credit card debt in addition to refinancing the existing loan. I looked at Mr E's monthly payments towards those credit cards in the preceding three months. I found Mr E was making payments that averaged £105 to his NatWest credit card and £113 to his credit card with V. By repaying those balances, Mr E would have reduced his monthly payments and ensure the previous credit card balances were moved from an open ended credit agreement and placed on a repayment basis.

I also note Mr E appears to have paid funds into a savings account and another account in his name. In addition to having funds to repay credit card balances, it does appear funds were saved and used for reasons other than consolidation of debts.

Overall, I haven't been persuaded NatWest lent irresponsibly when it approved Mr E's loan application in July 2024. In my view, Mr E's statement show he was able to sustainably afford repayments. As a result, I'm unable to uphold Mr E's complaint.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think NatWest lent irresponsibly to Mr E or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don't uphold Mr E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 19 May 2026.

Marco Manente
Ombudsman