

The complaint

Mr P complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY lent to him irresponsibly.

What happened

In 2020, Mr P applied for a loan with NatWest. His application was approved, and Mr P was given a £25,000 loan repayable over a term of 72 months. His monthly repayments were around £470.

Several years later, in 2026, Mr P complained to NatWest. He said, in summary, that the loan had always been unaffordable; Mr P didn't think NatWest had carried out proportionate checks before approving his application. NatWest, in response, didn't uphold Mr P's complaint – it said it was satisfied appropriate checks had been carried out before agreeing to lend to Mr P, and the results of those checks hadn't given it any cause for concern. Essentially, the loan appeared sustainably affordable for Mr P at the time.

Mr P referred the matter to this Service for an independent review. An Investigator here looked at what happened; having done so, they didn't think Mr P's complaint should be upheld. They said:

- NatWest hadn't been able to provide all data from the checks it had carried out at the time. Without that, it couldn't be said for sure that the bank had indeed performed proportionate checks before approving Mr P's application.
- That didn't categorically mean the lending ought not to have been approved, though. Based upon the evidence which was available – like Mr P's bank statements and credit file – proportionate checks had likely been carried out and the loan would have appeared affordable.
- Overall then, nothing had – or ought to have – given NatWest significant concern that Mr P could be at risk of not being able to repay the loan.

Mr P disagreed, and he largely reiterated his point that NatWest's checks weren't proportionate given the size and term of the loan. Our Investigator reconsidered, but they didn't change their mind. So, as no agreement has been reached, Mr P's complaint has been passed to me to decide.

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.

To put things simply, when making a lending decision, NatWest needed to make sure that it didn't provide loans irresponsibly. In practice, what this means is that it needed to carry out proportionate checks to be able to understand whether any lending was sustainable; NatWest had to do so with Mr P's specific circumstances in mind before providing any credit.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

That said, we might think a lender needed to do more if, for example, a borrower's income was low, or the amount lent was high. Additionally, the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So, we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Here, NatWest has told us that it used Credit Reference Agency ("CRA") data to build a view of Mr P's existing credit commitments and how he was managing them; it also used CRA data – alongside the declarations he'd made in his application – to help determine Mr P's expenses. NatWest has also said it gathered details of Mr P's income which, it says, it verified using a third-party report.

NatWest says the results of those checks painted a broadly stable picture of Mr P's finances. It's explained how recorded CRA data suggested his existing commitments were up to date; his verified income against his declared outgoings indicated that he'd have enough disposable income to meet the repayments, and no County Court Judgements or Individual Voluntary Arrangements were recorded against him either. All of which, on the face of it, indicates a healthy position for Mr P.

Now, broadly speaking, I'd say those checks were proportionate in the circumstances if the results were indeed as NatWest has described. That said, NatWest hasn't been able to fully evidence the results of its checks; some data isn't available. So, in the absence of that, while I've no reason to doubt anything NatWest has said, I'd agree with our Investigator's view that it can't be demonstrated proportionate checks were – or most likely were – carried out. If the results of those checks were slightly different, for instance, it may have been appropriate for NatWest to have gone further.

Mr P has kindly provided his bank statements, along with a copy of his credit file, and reviewing that information is the best way for me to understand his situation at the time of lending. In turn, it will illustrate what NatWest's checks likely would've uncovered. Having looked at that information, I'm satisfied there's nothing to suggest that Mr P would've struggled to sustainably repay what was being lent. Mr P's income against his essential expenditure suggests he had sufficient disposable income remaining – and his credit file at the time shows him to be in good standing. So, it follows that I think it's more likely than not that NatWest's checks were proportionate and, moreover, that the results would've indicated Mr P was able to afford the loan.

I know Mr P's opinion is such that NatWest ought to have carried out significantly more detailed checks into his finances. But the fact is there are no fixed checks that businesses must complete when reviewing an application for credit. There's no requirement on a lender to review specific things such as bank statements, or wage slips, for example, and there's no set list of actions lenders must take. So, I can't fairly say that NatWest was wrong to not run the sorts of checks Mr P thinks it should have here; there was no regulatory requirement to do it. Rather, it was entitled to rely upon the declarations Mr P made – and the results of its checks – if proportionate to do so in the circumstances. As I've said above, I consider the level of checks to be proportionate – and it's most likely, given the information in Mr P's

statements and credit file, that the results of those checks were as the bank has described.

With all of that in mind then, I can't reasonably conclude that NatWest lent irresponsibly here. I don't think it's likely that it would have known – or ought to have known – at the time of lending that the credit provided was, or would become, unaffordable. Proportionate checks, in these circumstances, likely wouldn't have indicated such a position.

In closing, and to be clear, I'm not saying that Mr P wasn't – or isn't now – under financial pressure. It's just that here, in these circumstances, NatWest didn't discover that; nor do I think it likely that NatWest would have discovered that. That's something I don't consider a failing, for the reasons I've explained.

Fundamentally, as with any complaint, the key point to remember here is that it's only fair and reasonable for me to uphold a complaint in circumstances where I can conclude a business did something wrong. For the reasons I've already given, I can't fairly conclude that NatWest acted irresponsibly or otherwise treated Mr P unfairly in relation to this matter; it follows that I don't uphold the complaint. 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 final decision is that I don't uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 15 May 2026.

Simon Louth
Ombudsman