

The complaint

Mrs C says National Westminster Bank Plc irresponsibly lent to her.

What happened

Mrs C took out three loans from NatWest as set out below.

loan	taken out	value	term	monthly repayment
1	26/02/2023	£11,000	81 months	£168.77
2	04/04/2023	£7,500	123 months	£82.36
3	23/05/2024	£12,000	81 months	£222.02

Our investigator upheld Mrs C's complaint in part, saying better checks were needed for all three loans. And they would likely have shown loan 1 was not affordable, but that it was fair to give loans 2 and 3 to Mrs C.

NatWest accepted this assessment. Mrs C did not and asked for an ombudsman's review. She said all the loans were unaffordable and she had to rely on family funds to repay them.

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 or irresponsible lending on our website, and I've taken this into account in deciding Mrs C's case.

As both parties are now in agreement that loan 1 should not have been given to Mrs C, I need not comment further on that lending decision. To decide this complaint, I need to consider if the checks completed for loans 2 and 3 were proportionate, if not what would appropriate checks have shown, and did NatWest make fair lending decisions.

For loans 2 and 3 NatWest carried out an affordability assessment using Mrs C's verified income and the housing and cost-of-living expenses she had declared at the point of application. It added her current financial commitments as shown on the credit check it ran. Based on the value of the loans and the fact it was repeat lending, I think NatWest needed to base its affordability assessment on Mrs C's actual income and expenditure. As Mrs C banked with NatWest the information it needed was easily accessible to it.

Had it done this, however, I agree with the investigator's analysis that such proportionate checks would have shown that Mrs C had sufficient disposable income to take on both loans. As Mrs C did not raise any issues with the figures the investigator presented, I will not repeat the analysis in full. Her incomings and outgoings were not straight forward but it would have been reasonable for NatWest to rely on the disposable income her account(s) showed given the nature of the lending - and the fact it was more than ample (around £422

after taking on loan 2 and £778 after loan 3). A fuller financial review would not have been proportionate in the circumstances.

The stated purpose for the loans was home improvements which was plausible given it was repeat borrowing. The credit checks did not show any signs of financial strain with no bankruptcies, County Court Judgements or defaulted accounts.

So, in the round, had NatWest completed proportionate checks for loans 2 and 3 I find it could fairly have made the same lending decisions.

I am sorry Mrs C went on to struggle with the loan repayments and that this impacted her mental health. But I can only fairly consider the information NatWest ought to have had available to it at the time of the loan applications when I assess the lending decisions.

Putting things right

For loan 1, NatWest should:

Add up the total repayments Mrs C has made and deduct these from the total amount of money she received.

a) If this results in Mrs C having paid more than she received, any overpayments should be refunded along with 8% simple interest per year (calculated from the date the overpayments were made until the date of settlement). † Remove any adverse information regarding this account from Mrs C's credit file.

b) If any capital balance remains outstanding, then it should arrange an affordable and suitable payment plan with Mrs C. Once she has cleared the balance, any adverse information in relation to the account should be removed from her credit file.

† HM Revenue & Customs requires NatWest to take off tax from this interest. It must give Mrs C a certificate showing how much tax it's taken off if she asks for one.

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 Mrs C 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 Mrs C's complaint in part with regards to loan 1. National Westminster Bank Plc must put things right as set out above..

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 5 May 2026.

Rebecca Connelley
Ombudsman