

complaint

Mr K, on behalf of his son, says Nationwide Building Society approved three loans totalling £16,000 in less than two months. He says this can't be responsible lending (the money has all been spent on gambling). He wants Nationwide to accept some responsibility by waiving or reducing the debt, and agreeing a reasonable repayment plan for any balance.

background

Between 3 October 2014 and 24 November 2014, Mr K's son successfully applied for three loans. The last one was for £16,000 (£6,000 to refinance the two previous loans and £10,000 of new borrowing). In early 2015, Mr K's son told him about these loans, and that he'd used the money to gamble. Mr K complained to Nationwide, on behalf of his son, but the society said all three loan applications met its lending criteria. And it did an income and expenditure check and credit file assessment each time.

Our adjudicator didn't recommend the complaint should be upheld. He said Nationwide had done affordability checks; Mr K's son hadn't told Nationwide the real purpose of the loans; and the society wouldn't have had sight of any gambling information on his credit record.

Mr K disagreed. He said the lending had to be seen as irresponsible given the missed payment on the first loan; the number of searches from betting companies on his son's credit record; and the APR of the third loan. He also asked why the fact his son worked for another bank (but was borrowing from Nationwide) hadn't rung alarm bells?

Our adjudicator said there'd been no missed payment on the first loan when the second and third applications were made. He said the APR on the third loan was lower than the first two. And he didn't agree the fact Mr K's son worked for a bank should've raised suspicions. He explained that we don't have the powers to look at the society's (or the broader industry's) systems. But he understood why Mr K remained unhappy that a credit search wouldn't alert a lender if there were multiple checks from betting companies on someone's record. He gave Mr K contact details for the industry regulator.

As Mr K was unhappy with the adjudicator's recommendation, the complaint was passed to me.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Whilst I know this will be disappointing for Mr K, I've reached the same conclusion as our adjudicator and for the same reasons.

I can understand why Mr K's complained, but I can only look at whether the society made a mistake that it needs to correct, and if so whether that error caused a financial loss that it should address.

In this case, it was not party to a critical piece of information, which it agrees would've changed its lending decision. It was unaware that Mr K's son wanted the money to gamble as he gave false information about the purpose of the loans on each occasion. And as the applications met its other lending criteria I can't agree it made a mistake when it accepted them.

It's been established that there were no missed payments on the first loan when the second and third loans were approved. And I don't agree that Mr K's employer being a bank should've made the society investigate the applications further. There are many reasons a bank employee may opt to borrow money from a different lender.

As Mr K's son has had the benefit of the money, Nationwide is entitled to try to recover the debt. But I would remind it of its obligations to treat customer in financial difficulties positively and sympathetically. I would urge Mr K's son to contact the society to reach a mutually acceptable repayment plan.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K, represented by his father, to accept or reject my decision before 9 November 2015.

Rebecca Connelley
ombudsman