

## **complaint**

Mr P complains National Westminster Bank Plc lent him money irresponsibly without making proper checks. As a result he now has a high level of borrowing and has concerns about his ability to pay. He's asked for both the debt and the interest rate to be reduced.

## **background**

Between 28 November and 19 December 2016 Mr P made a number of successful online applications to increase the overdraft on his NatWest current account to a limit of £7000. On 05 December 2016 he also successfully applied to NatWest, online, for a loan of £4500.

On 15 December 2016 NatWest declined a further online loan application from Mr P for £11,500. On 6 January 2017 Mr P applied to NatWest, by phone, for a further loan of £12,050. This loan was to repay both the overdraft and the earlier personal loan and consolidate the borrowings. It was approved but on condition that Mr P's overdraft limit reduced to £100. Mr P then complained to NatWest that they'd lent him all the money, apart from the last loan, without any checks when he had a gambling problem. And he thought he was being charged an unfair rate of interest compared to The Bank of England's base rate.

NatWest upheld the complaint in part. They accepted their system shouldn't have allowed have allowed Mr P to process the declined online loan application on 15 December 2016. So they agreed to remove the credit search for this from his credit file. But in respect of the other decisions they didn't uphold the complaint. They said all lending had to meet their internal criteria before being approved, along with external checks such as credit scoring. As Mr P met both of these, the applications were approved. So they didn't think they'd done anything wrong when the applications were approved.

Mr P was unhappy so complained to us. Our adjudicator ultimately found that NatWest weren't irresponsible when lending to Mr P. She didn't think there was any indication in Mr P's account activity prior to the borrowing which meant NatWest shouldn't have lent to him. Nor did she think affordability would've been a concern based on Mr P's income and historic account conduct. She thought, had Mr P applied for the £12050 now borrowed, at the outset, there was no reason, why this wouldn't be approved. And she thought the consolidation of borrowing in the last loan meant less interest was being paid by Mr P now than under either the first loan or the overdraft. But the interest rate charged was a commercial decision for NatWest upon which we can't comment.

Mr P disagreed. He made a number of points but, in summary, he thought the activity on his account from mid 2016 should've shown that something wasn't right and he was experiencing financial difficulties. And he thought the interest rate on the loan was high and he couldn't afford to repay it.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Mr P's raised several points in his submissions to this service. I've understood and looked into all of those but I've only commented on what I think's vital in my conclusions. I'm sorry to hear this situation is affecting Mr P's health and I'm aware he feels strongly about NatWest's conduct. But I'm not persuaded this is a complaint I can fairly and reasonably uphold.

There's not a great deal I can add to what the adjudicator's already told Mr P. I think she's covered most posts quite clearly. I appreciate that Mr P feels our adjudicator is inaccurate about his account activity from September 2016. But I've looked at everything afresh before reaching an independent view.

Mr P thinks his circumstances – the high volume of cash withdrawals, online gambling transactions and previous payday loans repaid by his family, should've meant NatWest did more checks before lending him the money. But I disagree.

The statements do show a number of cash withdrawals but the account has been managed within its limits and has had regular credits of Mr P's wages and from other sources. And NatWest can't have known the reason for those withdrawals was gambling. There are payday loans. Although I don't underestimate the difficulties Mr P may've had when taking the payday loans, these are recorded as settled. NatWest weren't aware Mr P's brother repaid these or that he took the loans due to his gambling problem.

The historical statements from September 2016 show four online gambling transactions, all for small amounts, prior to 8 December 2017. On 8 December there's a significant increase in the volume of such transactions. But, by that stage, Mr P had *already* obtained the first increase in his overdraft to £3500 and the loan for £4500, which he'd said was for a new car, not gambling. So, identifiable online gambling only began in volume *after* 8 December 2016. The subsequent increases to the overdraft were granted within a very short time period, a further eight days, on 14 December to £5000 and on 16 December to £7000. NatWest said when completing online applications for both loans and overdrafts their system was unable to identify a large number of gambling transactions so wouldn't flag this.

Mr P has said that the bank was inconsistent in its refusal of one loan application, but then the approval of other online applications. But a prior refusal will not necessarily mean all future approvals will be refused. It's for the bank to decide what affordability criteria to apply and what risk it was willing to take when it lent money. NatWest has provided evidence that all the overdraft applications were made online, and that Mr P met their lending and affordability criteria. On the basis of this, and other information, Mr P qualified for the amounts he had applied for. He didn't tell the bank about the gambling problem until January 2017 – the earliest reference which I can find is 31 January 2017, so I don't think it was reasonable to expect the bank to know he had a problem before he applied for the credit.

Mr P chose to spend the money he borrowed and has had the benefit of it. There's no record of him making NatWest aware of his gambling problem before 31 January 2017 and he's given inaccurate information about the purpose of the first loan. So, I'm not satisfied that NatWest acted irresponsibly when it approved the increase his overdraft limit or the loans. Nor do I find that there's any reason to challenge the interest applied.

### **my final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 1 September 2017.

Annabel O'Sullivan  
**ombudsman**