

## **complaint**

Ms H complains that Nationwide Building Society (Nationwide) declined her application to consolidate her debt with a new personal loan.

## **background**

Ms H applied to take out new borrowing to consolidate an existing personal loan and credit card debt – both held with Nationwide.

Unfortunately her application was declined. Nationwide let Ms H know this was due to her high level of unsecured debt, her general level of indebtedness and that it had found undisclosed debt when carrying out further checks.

Ms H complained that she hadn't been treated as an individual. She explained that she wasn't asking for any more money, rather a different way of paying back her Nationwide debt. So she didn't understand why Nationwide thought the new lending would be unaffordable or pose a higher risk. Nationwide didn't uphold Ms H's complaint, so she referred it to our service.

One of our investigators looked into the complaint but didn't think it should be upheld. She thought Nationwide had fairly assessed Ms H's application and had exercised its legitimate commercial judgement in declining the application. As Ms H disagrees, the case has been passed to me for a final decision.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I don't uphold this complaint.

Ms H says Nationwide treated her unfairly by declining her loan application. In deciding whether or not to lend to a consumer, businesses must ensure, amongst other things, that the requested finance will be affordable. So, in deciding whether or not to lend, I would expect Nationwide to take Ms H's personal circumstances into account along with its normal lending criteria. So this is what I've looked at in reaching my decision.

It is also important to note that Nationwide is entitled to decline applications for borrowing. It is entitled to exercise its commercial judgement when deciding whether it is willing to lend to an individual and this isn't something we'd usually interfere with when it's done on a legitimate basis.

Ms H has explained in detail why she thinks Nationwide has been unreasonable. One of her key points is that, as she was seeking to consolidate her debt, the amount she would owe Nationwide wouldn't have increased. I've carefully considered her arguments and I can understand why she would've wanted to manage her finances in this way. But, it doesn't look like it was possible to change the location of Ms H's debt (from a credit card to a personal loan) without going through a formal loan application – which would've been subject to Nationwide's lending criteria.

I know this is something Ms H is unhappy about as she feels this process means she wasn't treated as an individual. But as a responsible lender, I don't think it was unreasonable of Nationwide to do this. So I don't think Nationwide has done anything wrong here.

Ms H feels that her financial situation was unchanged from when she took out her original loan with Nationwide in 2013, so she disputes any form of increased risk. But, the application process and subsequent credit checks in 2015 showed that Ms H *had* taken out further finance with other providers. As a result, her overall indebtedness and total unsecured debt had increased. Nationwide has explained that, based on its lending policy, she was now 'over-indebted' and as such, the risk of providing finance to Ms H *had* increased. For this reason, the decision to lend wasn't as simple as switching a credit card to a loan – it involved assessing Ms H's total borrowing (with Nationwide and others) against Nationwide's lending policy.

So, taking everything into account, I think Nationwide acted reasonably in assessing Ms H's application for a consolidation loan and took her personal circumstances into account. I don't think it treated her unfairly.

### **my final decision**

For the reasons explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 26 May 2017.

Lucy Wilson  
**ombudsman**