

## **complaint**

Mr M complains that National Westminster Bank Plc (NatWest) lent to him irresponsibly by allowing him to extend his overdraft and take out loans despite having debt with other lenders. Mr M would like a full refund of interest and charges plus statutory interest.

## **background**

Mr M has been a customer of NatWest's since 2011. Since 2011 Mr M has applied for a number of loans and increases to his overdraft limit. Most of the applications were declined.

In Jan 2017 NatWest did approve two loans and both were paid back in full before any repayments were due.

And in May 2017 NatWest agreed an arranged overdraft and an increase to the limit in June 2017.

In September 2017 NatWest received a financial difficulty referral from third parties with payment proposals. This was discussed with Mr M but he did not wish for any arrangement to be put in place as he didn't want a default to be applied to his account. And because his account was within its agreed overdraft limit NatWest did not set up any formal repayment arrangement.

Mr M complained to NatWest that it had lent irresponsibly to him since 2013 and that the interest and charges applied to his account had caused him to go into further financial difficulty.

NatWest denied it had lent irresponsibly. NatWest says all its credit risk procedures were carried out prior to agreeing any lending and that all charges applied to Mr M's account were in line with the terms and conditions of the account and no errors had occurred.

Our adjudicator looked into Mr M's complaint but didn't think NatWest had done anything wrong. He thought it was up to NatWest to decide its own lending criteria for affordability and that the lending criteria set was reasonable and adhered to. He didn't think NatWest had done anything wrong in agreeing the loans and overdraft.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. And having done so, I'm in agreement with our adjudicator that NatWest didn't do anything wrong when it agreed to lend to Mr M and I'll explain why.

Mr M says that if NatWest had lent responsibly and carried out its checks properly it would have seen on his credit file and bank statements he had loans with other companies and gambling transactions and wouldn't have lent to him.

But it's up to NatWest to set its own lending assessment criteria and providing its checks are appropriate and Mr M met its affordability assessment criteria I can't say it has done anything wrong.

I accept Mr M may have had some adverse entries on his credit report and other loans but from what I understand at the time Mr M applied for the loans and overdraft most of these entries wouldn't have shown up or weren't applicable at the time. And a customer's credit report is only one of a number of factors we would expect a business to take into consideration when carrying out an affordability assessment.

Other factors may include the customer's income and expenditure, account activity and management and internal lending history.

From the information I have seen at the time NatWest agreed to lend to Mr M his income far exceeded his expenditure and NatWest had never been in a position where it had had to report any negative information on his credit file.

And although Mr M bank statements may have shown up gambling transactions in the past it's not up to NatWest to tell Mr M how to spend his money if it's not aware of any difficulties. And I don't think it would be fair of NatWest to never lend again solely based on the past.

So I know this will come as a disappointment, but I don't think NatWest did anything wrong lending to Mr M. So I won't be asking it to do anything.

### **my final decision**

My final decision is that I do not uphold Mr M's complaint against National Westminster Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 March 2019..

Caroline Davies  
**ombudsman**