

complaint

Mr A says National Westminster Bank Plc acted irresponsibly by issuing him a credit card with a credit limit which was 50% of his annual salary. He also says his credit card complaint was not handled well by NatWest.

background

Mr A applied for a credit card. He started the application online and then completed it in branch. His income was under £8,000. NatWest's website states that the minimum income required for the credit card is £10,000 but it will consider lower incomes. Mr A lost his job and his parents paid off his debt. He says the bank was irresponsible to give him a credit card with a limit of around 50% of his annual salary in view of his income and that NatWest should have monitored his spending. He also says his complaint to NatWest was handled badly.

NatWest did not issue a response to Mr A's complaint about his credit card as the complaint had already come to this service.

The adjudicator did not recommend that the complaint about irresponsible lending be upheld. However, she recommended that NatWest pay Mr A £100 because of the way it dealt with the credit card complaint. It agreed to do this.

Mr A responded to say, in summary, that the credit card limit was too high, that he got into debt after he lost his job and his parents had to pay his debt. Mr A believes that NatWest should compensate him for wrongly issuing him with a credit card and for lack of debt management.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I find that Mr A completed his application in branch. I am satisfied that NatWest's website does say that the minimum income required is £10,000, but it also says the bank will consider lower incomes. Under the Lending Code NatWest does have to assess affordability, and I am satisfied that it did so in this case. Mr A lived at home with his parents and although his credit limit was high compared to his salary, he appeared to have limited outgoings. His disposable income was therefore reasonably high.

Under the Lending Code NatWest must consider whether a customer's spending patterns might indicate he is in financial difficulty. I cannot see that Mr A's spending pattern would have indicated to NatWest that he might be in financial difficulties. I see that Mr A repaid his whole balance in May 2012, and paid above the minimum payment until October 2012. Mr A appears to have managed his credit card repayments until October and had difficulties when he unfortunately lost his job.

I find that NatWest could have told Mr A and his mother (who was dealing with Mr A's complaint on his behalf) at an earlier stage that another department needed to look at his credit card complaint. I consider £100 is fair and reasonable compensation for this.

my final decision

My decision is that I uphold this complaint in part. I order National Westminster Bank Plc to pay Mr A £100 for distress and inconvenience.

Clare Hockney
ombudsman