

complaint

Miss D complains that National Westminster Bank Plc (NatWest) lent to her irresponsibly.

background

I sent Miss D and NatWest a provisional decision on 17 July 2019 to explain why I wasn't intending to uphold the complaint. An extract from my provisional decision is set out below:

"When deciding whether to lend to a customer, a business must carry out an assessment of the customer's ability to repay what they are borrowing. There's no set list of checks that must be carried out, but the checks a business does must be proportionate when considered against the size of the loan, the loan repayments or any other information the business has about the consumer.

From the information NatWest has sent us, I can see that it asked Miss D for details about her income, her outgoings and her outstanding debts with other lenders during the application for the loan. I can also see that NatWest asked Miss D for several months of salary slips in order to check her income was correct, which it was.

The record on NatWest's system also shows that the application was scored against credit information about Miss D held by credit reference agencies. And that Miss D's application passed this check.

NatWest also has copies of some credit card statements from Miss D, which it says suggests Miss D told it she would be paying off these debts with some of the funds from the loan. And, while these statements show the credit cards were over their agreed limits, they weren't over by a significant amount and had only become so recently.

So it appears that NatWest asked for information on Miss D's income and outgoings, got proof of her income and scored her application against information on her credit file. Given the amount of the loan and what Miss D's monthly repayments would be, I think these checks were proportionate. And I think NatWest's decision to accept the loan was reasonable, based on the information it received. So I think NatWest treated Miss D reasonably when assessing whether the loan was affordable for her.

Miss D also raised that her credit file was poor at the time, and says this shows NatWest didn't look into her circumstances properly. She's sent us a copy of her credit file, as well as statements for other current accounts she had, which show a number of short-term, high-cost loans and a number of online gambling transactions. Miss D said that, if NatWest had looked into her circumstances properly, it wouldn't have agreed to lend to her.

I explained above that NatWest did check information on Miss D's credit file, and that I feel NatWest did carry out proportionate checks into Miss D's circumstances and whether she could afford to repay the loan.

And, from the copy of Miss D's credit file that I've seen, I'm not satisfied that it showed anything which would have suggested she was particularly vulnerable or that NatWest would be acting irresponsibly by lending to her.

I can see Miss D had taken out a number of short-term, high-cost loans in the months before her loan application. But I don't think the number of loans, or the amounts of them, was

enough by itself to stop NatWest lending to her. The information on her credit file shows that these loans were repaid on time, with no missed payments. And Miss D's accounts were overdrawn in the months before the loan application, but it appears they stayed within agreed overdraft limits.

There's also no significant adverse information in relation to any other accounts on Miss D's credit file that would've been showing when NatWest was assessing her circumstances.

While Miss D's current account statements show a number of gambling transactions, I wouldn't expect NatWest to refuse a loan application just because a customer spent money on gambling. I've not seen anything to suggest NatWest was made aware Miss D's gambling was a problem for her during the application. And, as her accounts appear to have been either in credit or within agreed overdraft limits for the months before the application, I don't think there's clear enough evidence that NatWest should have been aware that her gambling was a problem or meant that lending to her would be irresponsible.

So I don't think NatWest acted irresponsibly in agreeing to the loan.

From NatWest's records, I can also see both earlier and later loan applications Miss D made were either turned down or not completed after further information was requested by NatWest. And I think this suggests NatWest was trying to make a reasonable assessment of whether Miss D could afford the loans and to lend responsibly.

NatWest has also sent us statements showing Miss D's repayments on the loan. And these show that Miss D was able to make all her required monthly repayments until February 2017. NatWest's contact notes also show that Miss D called it in February 2017 and said she had changed jobs and so now had a lower salary. This suggests the loan was initially affordable for Miss D and her gambling didn't affect her ability to repay it, and that it was a change in her circumstances that led to the loan being unaffordable.

While I think NatWest carried out reasonable checks when assessing whether Miss D could afford the loan and I don't think it lent to her irresponsibly, if it hasn't done so already, I would expect NatWest to treat Miss D positively and sympathetically in response to any ongoing debts or financial difficulty."

I said I'd consider anything further Miss D and NatWest sent in.

my findings

I've again considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We've set out our general approach to complaints about the sale of PPI on our website and I've taken this into account in deciding Miss D's case.

NatWest said it didn't have anything further to add following my provisional decision.

Miss D said she disagreed with the decision and that she couldn't afford the loan. But she didn't send us anything further to show that she couldn't afford it. I explained in my provisional decision that I felt NatWest had carried out proportionate checks and then made a reasonable decision based on the information it had, when assessing whether she could afford the loan. And I still think this is the case, for the same reasons.

Miss D also said NatWest never asked to see her other accounts and suggested that her gambling problem should have stopped NatWest lending to her. But I explained in my provisional decision that I didn't think the evidence I'd seen of her circumstances at the time was enough to show that NatWest should have been aware her gambling was a problem or meant that lending to her would be irresponsible. And, as Miss D hasn't sent us anything further about her circumstances at the time, I still think this is correct, for the same reasons.

So I still think the conclusions I set out in my provisional decision are correct and I don't think this complaint should be upheld.

my final decision

For the reasons set out above, I don't uphold Miss D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 26 October 2019.

Alan Millward
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