

The complaint

Miss K is complaining about Nationwide Building Society because she says it lent irresponsibly when giving her a credit card and increasing the limit.

What happened

In 2008, Miss K was given a Nationwide credit card with a limit of £1,800. This limit was increased in October 2012, March 2013 and September 2013.

In response to her complaint, Nationwide noted that Miss K didn't miss any payments until 2022. While it didn't uphold her complaint, it did refund all fees and charges applied to the account since June 2022 when she was clearly in financial difficulty.

Our investigator didn't conclude the complaint should be upheld. She didn't think there was sufficient evidence to show Miss K couldn't afford repayments on the borrowing.

Miss K didn't accept the investigator's assessment and the complaint has now been referred to me for review.

What I've decided – and why

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've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

Before lending to Miss K, Nationwide was required to carry out appropriate checks to ensure the repayments were affordable and sustainable. To decide whether this requirement was met, the key questions I need to consider in respect of each lending decision are:

- Did Nationwide complete reasonable and proportionate checks to establish that Miss K would be able to repay the credit in a sustainable way?
- If so, was the decision to lend fair and reasonable?
- If not, what would reasonable and proportionate checks have discovered, and would the decision to lend have been fair and reasonable in light of that information?

Nationwide has said its decisions to approve the initial card application and then to increase the credit limit would have been based on a review of Miss K's credit score, her external debt, her declared income and the management of her credit card account. Unfortunately, due to the amount of time that's passed, it's been unable to provide much of the information it saw at the time aside from copies of credit card statements for the months preceding the

credit limit increases. Without further information, I can't reasonably conclude its checks were proportionate.

To consider what information Nationwide might have discovered if it had carried out proportionate checks, we sought to obtain copies of Miss K's bank statements from the time.

Miss K wasn't able to provide statements from as far back as 2008 and, without this information, I don't have sufficient evidence to conclude the card was unaffordable from the start or that Nationwide should have declined her application.

In respect of the credit limit increases, Miss K was able to provide some bank statements from 2012 to 2013 and I've considered this information alongside the statements provided by Nationwide that show how she was managing her credit card account. Having done so, I don't think there's enough evidence to show Nationwide shouldn't have offered further credit on each of the three occasions the card limit was increased.

Miss K's management of her credit card account was very good. She didn't miss any payments until 2022 and consistently kept the account within limit, making payments considerably above the minimum and clearing the balance altogether on occasions. I can see that she slightly exceeded the limit when making a large purchase immediately after the limit increase in March 2013 but there were no further issues after this prior to the increase later in the year.

Miss K's bank statements do show she made use of an overdraft facility in 2012 and 2013, but there's no sign that she exceeded the limit at any point. It's also not clear the statements provide a complete picture of her incomings and outgoings as it appears she was transferring money into this account from another account.

Taking everything into account, I don't think there's sufficient evidence to show Nationwide shouldn't have given Miss K a card in 2008 or subsequently increased the limit in 2012 and 2013. It's for this reason that I'm not upholding her complaint. I realise this outcome will be disappointing for Miss K, but I'm satisfied it's fair and reasonable in the circumstances and I hope the additional explanation is helpful.

My final decision

For the reasons I've explained, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 12 June 2024.

James Biles
Ombudsman