

## The complaint

Mr D complains that Nationwide Building Society ('Nationwide') irresponsibly gave him a credit card account that he couldn't afford.

## What happened

On 19 November 2013, Mr D's credit card was opened by Nationwide with an initial credit limit of £2,500. This credit limit was never increased.

In 2022, Mr D complained to Nationwide to say that the account shouldn't have been opened for him because it wasn't affordable and that Nationwide ought to have made a better effort to understand his financial circumstances before opening the credit card for him.

Our adjudicator recommended the complaint be upheld. Nationwide didn't agree. So, the complaint was passed to me to decide.

I issued my provisional decision in respect of this complaint on 4 July 2023, a section of which is included below, and forms part of, this decision. In my provisional decision I set out the reasons why I didn't agree with the adjudicator's view and that it was my intention not to uphold Mr D's complaint. I set out an extract below:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".*

*Nationwide will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.*

*Mr D's complaint is that Nationwide made credit available that was unaffordable. Nationwide has explained that it relied in part on information that Mr D provided at the time of application to assess affordability. They said they carried out a credit search in Mr D's name to assess Mr D's level of debt at that time and to understand how he had been managing that debt. With that information and using their own scoring metric, Nationwide decided to agree to the credit limit of £2,500. So, there was some assessment of affordability at the time of the sale.*

*The Nationwide checks showed that Mr D had a good credit score. Mr D has provided a credit report that features some information from the time of the sale. This supports the evidence that was available to Nationwide at the time of the lending decision. Mr D's credit file was very clean at the time of the loan application. When I say this, I mean that Mr D's management of his existing credit showed no recent history of CCJ's, defaults or any late*

*payments. So, it seemed from the credit file that at the point that the lending decision was made, Mr D was affording his existing credit. And so, Nationwide were not put on notice of any reason not to agree the lending from that. And so, I don't think that the information that Nationwide had at the time of the lending decision, would have led them to feel they ought to make more searching enquiries of Mr D's expenditure.*

*Mr D had declared a sizeable income with his application and so there was no obvious affordability issue that suggested that Nationwide should look more closely at Mr D's finances. I have to look at the information that was available to Nationwide at the time it made its lending decisions and not to use hindsight. I have seen insufficient evidence that the other information that Nationwide acquired or had presented to it at the time of the lending decision, would have led them to think that they were remiss in not checking Mr D's expenditure more closely.*

*So, having considered all the submissions made in this case, I have seen insufficient evidence to think that the credit Nationwide provided to Mr D was unreasonable."*

I asked the parties to the complaint to let me have any further representations that they wished me to consider by 18 July 2023. Nationwide has not acknowledged the provisional decision, made any further submission or asked for an extension to do so. Mr D was disappointed with the provisional decision and made a further submission.

So as Mr D has made his response to the provisional decision, and as Nationwide has had time sufficient to have done so, had they wished to do so, I am proceeding to my final decision.

### **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.

Mr D thinks he may have made a mistake in his declaration of income at the time of the lending decision. I said in the provisional decision,

*"Mr D had declared a sizeable income with his application and so there was no obvious affordability issue that suggested that Nationwide should look more closely at Mr D's finances."*

Nationwide were entitled to some degree to rely on information that was supplied by Mr D at that time. So, I don't feel this is sufficient to have brought their lending decision into question. In saying that I have had some regard for the self-employed net relevant earnings Mr D has told us about now and the relatively modest size of the initial credit.

Mr D has helpfully supplied lots of statements from the years before the lending decision. I have looked at all the submissions made in this case. Whilst some of the businesses refer to late or overlimit fees as defaults, that is a very different thing to a default that would show as such on a credit report. What is clear is that Mr D had a history of not managing his finances in a tidy manner, in that I have seen evidence of late fees and overlimit fees attached to accounts.

But Mr D did manage his affairs sufficiently well to keep the information on his credit report largely clean. And whilst some of the things highlighted to me occurred near the time in question, most happened more than a year before the lending decision was made. But, based on the declared income, the size of the credit being offered and the clean credit history as it was reflected in their searches at the time, it is not clear to me that Nationwide

were remiss in not asking for copies of the statements that Mr D has now provided to us to assess his complaint.

As I said in the provisional decision,

*“I have to look at the information that was available to Nationwide at the time it made its lending decisions and not to use hindsight. I have seen insufficient evidence that the other information that Nationwide acquired or had presented to it at the time of the lending decision, would have led them to think that they were remiss in not checking Mr D’s expenditure more closely.”*

I am grateful to Mr D for the pains he has taken to provide information from the time of the lending decision. And I acknowledge it is not straightforward trying to determine cases like this which happened so long ago. And this is especially so when we have no credit report that fully covers the time of the lending decision.

I have considered afresh all of the submissions made to me in this case. Having done so, I have seen insufficient evidence to think that the credit Nationwide provided Mr D was unreasonable. So, I have not found sufficient evidence to uphold this complaint.

### **My final decision**

For the reasons set out, I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr D to accept or reject my decision before 15 August 2023.

Douglas Sayers  
**Ombudsman**