

The complaint

Mrs P complains Nationwide Building Society refused her a credit card because of her age.

What happened

Mrs P held a credit card with Nationwide for some considerable time. Mrs P hadn't used the card for some time, wasn't sent a replacement card and the account closed.

Mrs P made an application for a new credit card and the application was declined.

Mrs P complained about the decline and said she had very few outgoings and lots of money saved at Nationwide.

Nationwide responded to say Mrs P's application had been declined because of affordability. Nationwide said it didn't consider savings balances when applying for a credit card.

Nationwide said it would refer Mrs P's application for a manual review, rather than relying on an automated process, but said there was no guarantee this would be successful.

Nationwide followed up its first response to say the manual application had also declined as Nationwide still felt there was insufficient disposable income.

Unhappy with this response Mrs P brought her complaint to this service. An investigator looked into things and didn't think Mrs P's complaint should be upheld.

The investigator was satisfied Mrs P's application had been declined on affordability and not her age. The investigator also thought Nationwide had given Mrs P a clear explanation of the manual review process and didn't necessarily need to call her to review the application.

Mrs P disagreed. Mrs P said she'd recently applied for a lower limit credit card and also been declined. Mrs P said her credit score was 999, and didn't know why this would be the case if she keeps getting declined.

Mrs P asked for an ombudsman to decide things.

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.

I've looked at the application Mrs P completed, and she put her income, a pension, down as £6,000 per year. Mrs P later clarified her income was slightly more than this.

Nationwide's said Mrs P's income isn't enough to cover regular outgoings and pay towards any balance that might be on a credit card. I think it's reasonable for Nationwide to consider whether Mrs P would be able to repay her credit card with the monthly income she receives.

Mrs P says her husband pays the bills and gives her other money each month. I don't think it would be reasonable for Nationwide to consider this in Mrs P's application for credit.

Any credit card would be in Mrs P's name, and she'll be solely responsible for paying any balances on the card. The payments from Mrs P's husband aren't guaranteed, the only income Mrs P will definitely get is her pension.

I think it's reasonable for Nationwide to consider whether Mrs P's income alone is enough to cover other payments she might need to make as well as payments towards a credit card.

I can see Nationwide checked Mrs P's credit file when she applied. This check is likely to have shown utility bills or other contracts and agreements Mrs P is liable for.

Whilst I accept Mrs P may not pay these things, they're likely to appear on her credit file and likely feed into Nationwide's affordability checks. I'd also expect Nationwide to consider other outgoings like council tax and food in an overall assessment of her likely outgoings.

Mrs P says she holds lots of savings with Nationwide. I wouldn't expect Nationwide to consider Mrs P's savings balances when she applies for credit.

I'd expect Nationwide to assess about whether Mrs P's monthly income is enough to cover her regular payments and make payments to a credit card if agreed. And I'm satisfied Nationwide did this.

I think Nationwide's made a reasonable decision, based on the level of Mrs P's income alone, to decline the credit card application.

Mrs P's said Nationwide's decision is discriminatory, and it's refused to give Mrs P a credit card based on her age. Mrs P thinks Nationwide has breached the Equality Act 2010.

The Equality Act 2010 is relevant law, so I've considered it, but I can also decide complaints on what's fair and reasonable. If Mrs P wants a decision on whether Lloyds has breached the Equality Act 2010 then I think she'd need to go to court.

Mrs P's said her credit score is very high, and she'd like whoever's responsible for her credit rating to explain why she was declined for the credit card.

Mrs P's already got her credit score from one of the credit reference agencies, and it's responsible for ensuring the data's correct and then represents that data with a score.

Nationwide won't see Mrs P's credit score, it sees the raw data and makes a decision using that data. But Nationwide's said why it declined the credit card, it wasn't because of poor or adverse credit, it was for affordability.

Credit scores and data don't show affordability, only credit agreements and how any credit's been handled. It's for Nationwide to make a judgement about affordability, and from what I can see it's made the decision fairly.

Mrs P says she's been paying £250 a month into savings every month for some time, and this demonstrates she can afford the credit card. But I can see Nationwide's carried a full review, both automated and manually, and decided the credit card's not affordable.

Despite Mrs P's regular payments to savings, I don't think this changes my thinking Nationwide's assessment of Mrs P's application was fair.

Mrs P's also said her income is guaranteed for life, it's a pension. I'm not disputing this, and nor, I think, is Nationwide. Nationwide is simply saying the amount of income isn't, in its assessment, enough to support a credit card.

I can see Mrs P's strength of feeling about the declined credit card, and she's referenced some recent articles about pensioners being considered asset rich but poor credit risks.

I've carefully considered everything Mrs P's said, but I still think Nationwide made a fair and reasonable decision to decline Mrs P's application on affordability alone.

I don't think Nationwide's decision was influenced by anything other than whether it thought Mrs P could afford to maintain monthly payments to a credit card.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 14 September 2023.

Chris Russ
Ombudsman