

## **Complaint**

Mrs C has complained about a credit card Nationwide Building Society (“Nationwide”) provided to her. She says it ought to have been apparent that she already had a lot of existing debt and so she shouldn’t have been lent to.

## **Background**

Mrs C is also complaining about the decision to provide her with an overdraft. But we’ve explained that we’re looking at that complaint separately. So this decision is only looking at whether Nationwide acted fairly and reasonably when providing Mrs C with her credit card.

Nationwide provided Mrs C with a credit card with an initial limit of £8,500.00 in March 2018. The credit limit on Mrs C’s credit card wasn’t ever increased.

When it investigated Mrs C’s complaint, Nationwide agreed that Mrs C entered into financial difficulty in June 2022. And as a result it agreed to refund all of the interest and charges added to Mrs C’s account from this point onwards. Mrs C was dissatisfied at Nationwide’s offer and referred her complaint to our service.

One of our investigators reviewed what Mrs C and Nationwide had told us. And he thought Nationwide hadn’t done anything wrong or treated when initially offering Mrs C her credit card. So he thought what Nationwide had already do to put things right was fair and reasonable in all the circumstances and didn’t think that it needed to do anything more.

Mrs C disagreed with our investigator and asked for an ombudsman to look at the complaint.

## **My findings**

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

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mrs C’s complaint.

Having carefully considered everything, I’m not upholding Mrs C’s complaint. I’m therefore satisfied that what Nationwide has already done is fair and reasonable in the circumstances and I’m not requiring it to do anything further. I’ll explain why that’s the case in a bit more detail.

Nationwide needed to make sure it didn’t lend irresponsibly. In practice, what this means is Nationwide needed to carry out proportionate checks to be able to understand whether Mrs C could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Nationwide says it agreed to provide Mrs C with a credit card after it carried out a credit search and obtained information about her income. The information obtained suggested that Mrs C had some existing debts but these were well managed and reasonable in comparison to her income. In Nationwide's view, the information obtained indicated that Mrs C would be able to make the monthly repayments due for this credit card.

On the other hand Mrs C says that her credit limit shouldn't have been increased.

I've considered what the parties have said.

What's important to note is that Mrs C was provided with a revolving credit facility rather than a loan. And this means that Nationwide was required to understand whether a credit limit of £8,500.00 could be repaid within a reasonable period of time, rather than all in one go. A credit limit of £8,500.00 wasn't small but it didn't require huge monthly payments in order to clear the full amount owed within a reasonable period of time.

Nationwide's credit check did indicate that Mrs C did have some debts. But it's fair to say that these were being well managed. Indeed the information Nationwide relied on suggests that Mrs C had total unsecured debts of around £23,000.00 and this wasn't unreasonable compared to Mrs C's declared income at the time.

Given the amount of the likely monthly payments, Mrs C's existing debts and the total amount of funds she's likely to have been in receipt of, I don't think that Nationwide needed to do more here. I say this particularly as Mrs C was transferring an existing credit card balance on to this account. And in doing so she was likely to be paying less interest than she would have done had the balance stayed where it was.

For the sake of completeness, even if I were to agree that more needed to be done, at the absolute most it could be argued that Nationwide needed to obtain more on Mrs C's actual living costs, rather than rely on an estimate of this at the time of the limit increase. But I don't think that Nationwide would have made a different decision even if it had asked Mrs C for more information.

I say this because I've not seen anything that clearly shows me that when Mrs C's committed non-discretionary regular living expenses and existing credit commitments were deducted from what she received, she did not have the funds to make a sustainable repayment for this credit card. So, in these circumstances, it's difficult for me to conclude that Nationwide wouldn't have lent even if it had tried to find out more about her circumstances at this time.

I accept that the information I've been provided with may not fully show the extent of Mrs C's position. And it's fair to say that her employment circumstances did change drastically in 2021. I'm sorry to hear that Mrs C has gone through a difficult time. But it wouldn't be fair and reasonable for me to use hindsight here, or say that Nationwide should have known this would happen.

I can only judge Nationwide against what it knew or ought to have known at the time it decided to provide this credit card. This is especially as the available information indicates

proportionate checks were carried out and even if more had been done this would not have prevented Nationwide from offering this card to begin with.

So overall while I can understand Mrs C's sentiments and I sympathise with her current position, I don't think that Nationwide treated Mrs C unfairly or unreasonably when providing her with a credit card. And I'm not upholding Mrs C's complaint.

I'm therefore satisfied that what Nationwide has already agreed to do is fair and reasonable and I'm not requiring it to do anything further. I appreciate this will be very disappointing for Mrs C. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

Although I'm not upholding this complaint, I'd like Nationwide of its obligation to exercise forbearance and due consideration in relation to the outstanding balance on Mrs C's account and it be the case that she is experiencing financial difficulty.

### **My final decision**

For the reasons I've explained, I'm not upholding Mrs C's complaint and I therefore do not require it to do anything more or anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 3 January 2024.

Jeshen Narayanan  
**Ombudsman**