

The complaint

Ms I complains that National Westminster Bank Plc accepted a £10,000 loan application that she didn't apply for because she wasn't in the country. Ms I added that NatWest then failed to contact her to discuss the payments that subsequently left her account.

Ms I is being represented by her nephew but for ease of reading I'll refer to Ms I throughout the decision.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Around September 2020 Ms I travelled to another country. But in May 2021 a £10,000 loan was applied for through online banking that was set up and linked to Ms I's account. Ms I returned to the UK in January 2022 and has said it couldn't have been her that applied for the loan as she hasn't registered for online banking and she was out of the country at the time.

Our investigator didn't think the complaint should be upheld. She said that NatWest hadn't done anything wrong when it accepted the loan application. And that online banking for Ms I's account had been set up and used on the same mobile number registered on the account – before Ms I was in another country. So, she thought Ms I should've reasonably known that online banking had been set up and that if she didn't apply for the loan then it was likely someone she knew and/or gave permission to have access to her online banking.

Ms I didn't agree and has asked for an Ombudsman's review. She said that NatWest has unfairly held her liable for a loan she didn't agree to. She said that she has been discriminated against because she can't speak English, nor can she read or write. She added that NatWest should've stopped and contacted her about the payments before they could be sent after the loan funds had been deposited into her account.

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 conclusion as our investigator. And for largely the same reasons. I know Ms I feels strongly about this complaint and this will come as a disappointment to her, so I'll explain why.

I've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome.

I've firstly considered if NatWest did anything wrong when it accepted the loan application. The loan was applied for through an online account that was set up through a mobile phone number registered on Ms I's account. The loan documents were also sent to the registered address. I appreciate Ms I says she didn't receive these, but NatWest needs to forward the loan documentation to an address or e-mail contact it has on the system – which is what it did. So, I don't think NatWest acted unfairly when accepting the loan application.

I've then considered whether I'm persuaded Ms I entered into the loan and therefore if it's fair for NatWest to hold her liable for it. Ms I has said she's never had internet banking. But NatWest has provided a copy of the online banking records. These show that various undisputed transactions (ranging from £25 to £800) were made on her account in 2019 before she left the country. And a few years before the loan was applied for. Ms I has said that she only banks in branch and can't read or write but I'm not persuaded that she wouldn't have been aware of these transactions. Especially some of the larger transactions for £800 and £750, or that no assistance was available to her in monitoring her account, due to the assistance she is getting in bringing this complaint and in her testimony to this service that confirms whenever she needed to make a transaction in branch she had a friend or relative to help her.

As these payments weren't reported to NatWest, I don't think I can reasonably say that Ms I wasn't aware of the online banking on her account. And it follows, for the same reasons, I can't say that her testimony is credible enough to persuade me that I should uphold this complaint or agree that she didn't authorise the later transactions after the loan was paid into her account. In the circumstances, I don't think NatWest holding her liable for the loan is unfair as I can't place weight on Ms I's testimony that she either didn't take out the loan herself or gave another person permission to do so on her behalf.

Ms I feels NatWest has discriminated against her and her mental health has suffered as a result of this issue. But I don't agree NatWest has discriminated against Ms I by accepting the loan and then holding her liable. NatWest didn't unfairly accept the loan for the reasons I've mentioned above. And I don't think it's unfairly decided that Ms I is likely to have taken out the loan or given a third-party permission to apply for it by allowing that person access to her bank account.

It's unfortunate to hear about Ms I's current mental health and the effect this issue has had on her. Despite my natural sympathy for the situation in which she finds herself, I'm not persuaded NatWest has done anything wrong, so I won't be asking it to clear the loan nor do I make any further award against it.

As a result, I don't think NatWest has unreasonably held Ms I liable for the loan.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms I to accept or reject my decision before 23 December 2022.

Mark Dobson
Ombudsman