

The complaint

A limited company, which I will refer to as K, complains about the accuracy of information National Westminster Bank Plc (NatWest) gave to a third-party surveyor who was valuing a property K intended to purchase.

K also considers that there was collusion between NatWest employees to trick K into purchasing the property to reduce the bank's risks.

What happened

The following is intended only as a brief summary of events. Additionally, whilst a number of individuals have been involved in the process, for the sake of simplicity, I have largely just referred to K and NatWest. For similar reasons, I have referred to relevant actions as though they were those of K, even where these predate the actual incorporation of K as a limited company.

In 2019, K was looking to purchase a property and existing pub business. I'll refer to this property and business collectively as S. K approached NatWest seeking a loan to help finance this. As part of this process, NatWest instructed a third-party surveyor, who I'll refer to as F. NatWest issued F with instructions and provided certain information about S. F carried out a valuation and provided NatWest with its report. This report was shared with K. The report gave S a market value of £510,000.

K says that information provided to F by NatWest was false. And that this caused the valuation to be inflated.

K also says that NatWest, in effect, was aware of the financial issues S's existing owners had with the business. The existing owners also banked with NatWest. And K considers that NatWest deliberately did not share details of these financial issues, and instead pushed K into the purchase of S.

NatWest's position is, effectively, that all the relevant information provided to F came from K. And that different employees were involved with K's loan application than with S's existing owners. So, the employee assisting K was not aware of these details of the existing owner's finances.

K brought its complaint to the Ombudsman Service, but our Investigator did not recommend it should be upheld. She thought that K had most likely obtained the relevant information, that K says was false, from S's existing owners. She also noted that F's report had been prepared for NatWest, rather than for K. And that, although NatWest had given K assistance during the process, the sale of the loan was non-advised. So, it was for K to ensure it was happy to take out the loan and with the purchase.

Our Investigator also did not think that there was evidence of collusion between NatWest employees, nor any evidence that NatWest had been inappropriately influenced by the

previous owners in its decision to lend to K. She also said that the Ombudsman Service is not able to look at the actions of third parties that are not regulated by the Financial Conduct Authority – such as F or any accountant involved in the process.

K remained unsatisfied. It considered the sale was advised. It also said that it had not provided certain information NatWest gave to F. And that the NatWest employee she was liaising with was aware of the position with S's existing owners.

As our Investigator was unable to resolve the complaint, it has been passed to me for a 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.

Having done so, I am not upholding this complaint. I'll explain why.

The first thing I will say is that although K has provided a lot of detailed arguments around this complaint, I have focussed on what I consider to be the key issues. This is not intended to diminish K's concerns, but rather is in line with the Ombudsman Service's role as an informal dispute resolution service.

One of K's biggest concerns is around the valuation F came to, and whether this was reached relying on inaccurate information. However, I feel that I need to stress that F's report was provided for NatWest. So, whilst it was shared with K, it was not provided *for* K.

That F's report was to satisfy NatWest's interests only was made clear at the time. K was asked to sign a declaration that included the following:

"I/We understand that:

(a) Whilst a copy of the Valuation may be made available to me/us for information, the Valuer will be reporting on the Property solely for [NatWest's] purposes..."

(d) I/We shall be required to make separate arrangements to obtain any reports for my/our own purposes."

In essence, the purpose of F's report was merely to reassure NatWest that there was sufficient coverage for the lending K was seeking. This was just over £300,000, so was more than covered by the valuation F gave S.

K has said that some of the information F relied on to reach this valuation was inaccurate. However, I do not consider that, if any of the information K has referred to was actually inaccurate to the extent suggested, this would most likely have meant NatWest would no longer have been satisfied the value of S secured the lending.

I agree with our Investigator that it does seem much of the information provided to NatWest, and then passed to F, was initially obtained by K (or its representatives).

The exception to this is whether or not the road at S's address, and S itself, was closed for a period of time prior to the sale (and the impact this had on relevant income). I would expect NatWest to have been able to provide some evidence relating to K having provided this, if this is indeed what happened – but this has not been provided. Without this, I am persuaded that this information may have come from a different source.

I do not consider this information fundamentally changed NatWest's decision to lend though. Having considered F's report, it does not seem to me that this information would have led to a significant change in the valuation.

K was also aware of this information prior to making its own decision to take out the loan and proceed with the purchase. If it disagreed with the accuracy of this information, something which may have been discovered through its own due diligence, it could have challenged this at the time.

Ultimately, it would not be fair or reasonable for me to conclude that NatWest should be held responsible for any decision of K to rely on a report, produced for the bank, to establish whether the purchase of S was suitable. It is reasonable that NatWest could expect K to have carried out its own due diligence on S.

K has suggested that employees of NatWest, primarily the relationship manager for the existing owners of S and K's relationship manager, colluded to push K into the purchase of S. However, I have not seen evidence that persuades me that this is the case. Whilst it isn't clear where, for example, information about the road closure came from, there is also no evidence that this came from the other relationship manager. I appreciate that it would be difficult for K to obtain such evidence. But without something more substantial, I am not persuaded that the evidence provided does show – or even strongly indicate – the collusion K has alleged.

K also considers that the sale of the loan was on an advised basis. It has referred to certain comments and assistance its NatWest relationship manager provided at the time. However, I do not consider, for example, providing information about accountants, about how the process would work, or even suggesting that K seek clarification of certain points it was unsure of, to be providing advice – certainly not in relation to whether to take the loan, or whether to go ahead with the purchase of S. I consider that this was a bank acting to support its customer through a process, not advising it to go ahead with that process. Ultimately, I am not persuaded that NatWest provided K with advice nor that it acted in a manner that ought to have led K to reasonably believe that NatWest was providing advice.

I appreciate K's director feels strongly about this matter. And I am sorry to hear of the situation she now finds herself in. However, taking everything into account, I am unable to fairly and reasonably uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask K to accept or reject my decision before 20 June 2024.

Sam Thomas
Ombudsman