

The complaint

Mr H who is a director of A, a limited company, complains that National Westminster Bank Plc declined a loan application after it had been agreed in principle.

What happened

In February 2024 Mr H started enquiring about a loan to buy a franchise business. He proposed to set up A as the applicant for the loan. He was told that the recovery loan scheme (RLS) might be appropriate but that NatWest couldn't advise him whether to proceed under that scheme. He decided to apply for the loan under RLS, and the paperwork was passed to the relevant team at NatWest for review. That team advised that the application could proceed. The adviser dealing with the application at NatWest then told Mr H that the case was with its underwriters for review. Following further information being supplied by Mr H, NatWest emailed him on 10 May 2024 confirming its agreement in principle to the loan. Mr H then proceeded with the full loan application.

On 29 May, NatWest advised Mr H that it could not proceed with the loan because after speaking with the new accounts team, it was unable to create a personal record for him with the information he had provided when undertaking standard background due diligence checks.

I understand that when Mr H made his initial application it was in the short form version of his first name, which he is known by. But when the full application was reviewed by the accounts team it was in his full name and unfortunately this did not pass the due diligence checks.

Mr H complained to NatWest who explained that thorough checks had to be made to meet all its regulatory requirements and that, following such checks, it was unable to complete the application. It was not at liberty to divulge any further information about his checks.

Mr H referred his complaint to the Financial Ombudsman Service, and said that he believed NatWest had discriminated against him. Our Investigator said she couldn't reasonably say that NatWest had done anything wrong. She was satisfied that it had completed the necessary investigation into Mr H's complaint and she had found no error from its side.

The matter has been referred to me for an Ombudsman's consideration.

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 should make the point initially that the complaint is made in the name of A, the limited company. This is because the loan was proposed to be made to the company rather than the individual. So from Mr H's point of view he makes the complaint as the representative of A. And, whilst I understand his upset at the loan not proceeding, I can't make a compensation award for distress as a company can't be said to have suffered distress.

I note that all the initial communications between Mr H and NatWest were in his short form first name. Whilst for informal communications that is entirely reasonable, and using that version of his name meant the initial checks by NatWest's advisers did not show anything. Mr H has pointed out that he had a business account with NatWest in his full name and that it should have been aware of this. However I don't think that the advisers he communicated with were aware and it does appear that records under his short form first name and his full first name were not linked. I don't know the reason for this, but I do think that in making any sort of formal application it was up to Mr H to provide his full name.

I appreciate that Mr H went to some trouble to provide all the information required by NatWest in order to make a loan application. From NatWest's records it appears that he made the full application in his full name on 20 May 2024. He was advised on 29 May that NatWest could no longer proceed with his application. I'm satisfied from the information provided that NatWest has provided sufficient evidence to us to justify its decision.

As I have said, Mr H makes this complaint as representative of A. So even if it could be said that NatWest's adviser should have been able to check records against his full name, I can't make an award for the distress he might have suffered through A's application being rejected. And in order to make the application the representative is required to provide full financial and other information before any checks are carried out.

Finally I'm satisfied that NatWest did not reject the application for a discriminatory reason.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 24 December 2024.

Ray Lawley
Ombudsman