

## **The complaint**

Mr M complains that National Westminster Bank UK plc ('NatWest') incorrectly told him he could cancel a payment holiday on his new unsecured personal loan and didn't reveal their mistake until after the loan's cooling-off period had expired.

Mr M wants NatWest to adjust the interest on his loan account to what it would have been if the payment holiday had been cancelled.

## **What happened**

On 22 July 2024 NatWest advanced a loan to Mr M which was repayable over 51 months, to include a three-month payment holiday at the start. Mr M's loan documentation set out he had a cooling off period of 14 days, which meant he could cancel the loan on or before 5 August 2024.

On 25 July 2024 Mr M asked NatWest to remove the payment holiday so repayments started from the end of August 2024, as he wanted to reduce the interest payable on the loan. NatWest advised they could do this with the help of another department and said Mr M would receive a call back to confirm this - which never happened.

Mr M complained to NatWest's chatbot on 31 July 2024, saying NatWest hadn't contacted him to remove his payment holiday and he wanted this actioned. NatWest's bot said if they could resolve this within four business days they'd write or email Mr M, otherwise they'd contact him within five business days with an update.

On 6 August 2024, four business days after the complaint was raised, an agent from NatWest's complaints team spoke with Mr M and sent him a final response letter. NatWest upheld Mr M's complaint in part, saying he'd been given incorrect advice as they couldn't remove his payment holiday. To put things right, NatWest paid Mr M compensation of £200 to reflect the distress and inconvenience caused by their misinformation.

Mr M accepted the payment holiday couldn't be removed but wanted an interest adjustment on his account. NatWest said they couldn't do this but indicated their offer of compensation was generous and would more than cover the interest payable during the payment holiday, given the first month's interest was £36.07. Mr M thought NatWest were using the compensation for his distress and inconvenience towards adjusting the loan interest, and said he'd refer his complaint to the Financial Ombudsman Service.

Our investigator reviewed this matter and considered NatWest's offer of £200 was fair and reasonable to put things right. Our investigator didn't consider any interest should be refunded because Mr M had originally agreed to pay this, and Mr M could have still cancelled his loan up to the end of the cooling off period.

Mr M disagreed, saying he wasn't given the right information at the right time to make an informed decision about continuing with his loan agreement. He asked for an ombudsman to review his complaint.

### My provisional findings

I recently issued my provisional findings in relation to this complaint, as follows:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.*

*Having done so I don't intend to uphold this complaint as I'm not minded to ask NatWest to do more than pay Mr M £200 for his distress and inconvenience, which they've already done. However, my reasoning is slightly different to our investigator's.*

*I think it important to say that while Mr M had a legal right to cancel his loan within 14 days, he did not have a legal right to change the way the loan was structured. That means any request to change the terms would be subject to NatWest's express agreement and the onus was on Mr M to ensure he was happy with the loan agreement before the cooling off period ended.*

*Mr M called NatWest on 25 July 2024 to change the loan, not cancel it. Unfortunately, it's not been possible to review this call, but NatWest don't dispute Mr M's recollection - that NatWest would refer the request to another team and call Mr M back to confirm the changes. On that basis, I'm inclined to say Mr M was reasonably aware that the terms he'd originally agreed with NatWest hadn't been altered during his call with NatWest on 25 July 2024.*

*I think this is supported by the fact that Mr M raised his concerns about the inaction of his requested changes on 31 July 2024 during an online chat with NatWest's bot, which I've reviewed. But Mr M did not mention cancelling the loan, or the cooling off period, during the chat. The bot logged a complaint for Mr M, and ended the chat by stating:*

*"Your complaint will now be passed to a Specialist Team to investigate. They'll contact you over the phone or in writing when they have an update. If we can resolve your issue within the first 4 business days you'll receive a letter or email containing your Financial Ombudsman Rights. Some issues take a longer to investigate & fix, so if this is the case we'll keep you regularly updated with our progress starting with an acknowledgement of your complaint that will be issued within 5 business days of receiving the complaint."*

*So I'm inclined to say Mr M was reasonably aware that his requested changes wouldn't be actioned by Halifax until 6 August 2024 at the earliest, and the loan would go ahead as originally agreed unless he cancelled it on or before 5 August 2024. I'm minded to say Mr M could reasonably have made an informed decision about whether or not to proceed with the loan on this basis.*

*As Mr M didn't cancel the loan, I don't think NatWest treated Mr M unfairly in proceeding with the loan as originally agreed. In those circumstances I don't intend to ask NatWest to refund any interest to Mr M.*

*NatWest have accepted they shouldn't have misinformed Mr M about the removal of his payment holiday on 25 July 2024, so I've not needed to address this. But I have considered some aspects of NatWest's later engagement with Mr M on 6 August 2024 when Mr M was first told about NatWest's mistake and Mr M asked about avoiding interest.*

*I'm mindful that the conversation on 6 August 2024 significantly deteriorated as NatWest tried to resolve Mr M's complaint with compensation. Having listened to the call on 6 August 2024 I'm minded to say that NatWest didn't meet their Principle 6 obligation in the Financial*

Conduct Authority's Handbook of rules of guidance ('FCA Handbook') to "pay due regard to the interests of (their) customers and treat them fairly."

*I say this because NatWest's complaints team agent rang Mr M without first understanding Mr M's concerns – even though I think Mr M set this out articulately to NatWest's chatbot - so Mr M had to explain that he hadn't been called about his request to change the payment holiday. NatWest's agent then summarised Mr M's concern was about NatWest's misinformation, but this was before explaining to Mr M that his request couldn't be actioned and that a mistake had been made.*

*I consider the Consumer Duty - Principle 12 in the FCA Handbook, which sets a higher standard than Principle 6 – reinforces my view that Mr M hasn't been treated fairly in these circumstances. This requires firms to "act to deliver good outcomes for retail customers" and put customers at the heart of what they do.*

*I'm minded to say NatWest didn't support Mr M to achieve his financial objective of reducing his interest and could've reasonably informed Mr M during the call that his terms and conditions permitted additional payments, which would reduce the interest payable on his loan account (albeit with a financial penalty). But even if I didn't consider the higher standards set by Consumer Duty, I would still find that NatWest fell short here in terms of how they engaged with Mr M, as I don't think NatWest paid due regard to Mr M's interests in these circumstances by helping him to know what his options were at that point in time.*

*Overall I'm minded to say that Mr M had his hopes raised unfairly by NatWest, which they accept, and this caused Mr M disappointment. I'm also minded to say that NatWest's handling of this matter during the call on 6 August 2024, as I've set out above, added to Mr M's distress and inconvenience.*

*I understand that as a result of the call on 6 August 2024 NatWest paid Mr M £200 to reflect his distress and inconvenience. In light of my comments above, I've considered whether this goes far enough and I've reminded myself of the guidance this service follows when proposing awards to put things right.*

*Having given this careful thought I intend to say that NatWest's payment of £200 represents a fair and reasonable resolution to this complaint in the circumstances, even taking into account the comments I've made above. It is around the amount I would typically have awarded for distress and inconvenience under the guidelines we apply. For those reasons, I don't intend to ask NatWest to take further action here."*

#### Responses to my provisional findings

I gave the parties an opportunity to respond to my provisional findings with anything further they wanted me to consider.

NatWest accepted my provisional decision and said they'd noted my feedback.

Mr M disagreed with my findings. He said NatWest's assurance that his request to remove the payment holiday was being actioned created a reasonable expectation that somebody would adjust the loan terms and this materially impacted his ability to exercise his cancellation rights effectively. He thought NatWest should be held fully responsible for their misinformation.

Mr M said he'd been charged £529.87 in interest due to the payment holiday not being removed. He didn't think NatWest could describe their offer of £200 as generous as it didn't cover the interest, let alone address the accompanying distress and inconvenience and the effect on his mental health.

## **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 reviewed this matter and the comments I've received from Mr M, I am not persuaded to depart from my provisional findings - that NatWest have already provided a fair and reasonable resolution to his complaint. I'll explain why.

I don't agree that Mr M's ability to exercise his cancellation rights was significantly impacted by NatWest. Mr M said he was told by NatWest that they'd need to approach another team to remove the payment holiday and someone would call Mr M back to confirm this. I don't think this created a strong assurance that the payment holiday would be removed, rather it was an assurance this would be referred to someone else and further communication would follow.

As I set out in my provisional decision, I think Mr M's conduct shows he wasn't completely assured that the payment holiday had been removed as he contacted NatWest on 31 July 2024 to chase NatWest's inaction. And at that point he was informed he'd likely get a response to his enquiry at a later date, which was after his cooling off period expired. I think this gave Mr M sufficient information to choose whether to exercise his cancellation rights or proceed with the loan in the original terms agreed.

As the loan went ahead, I don't think it's unfair for NatWest to charge Mr M the interest he'd agreed to pay under the loan's terms and conditions.

I understand Mr M's frustrations that NatWest's offer of compensation didn't address the interest refund and his distress and inconvenience separately. For the reasons I've given, I don't think NatWest should refund any interest to Mr M. So my consideration of whether NatWest's payment of £200 went far enough is based solely on whether it recognises the distress and inconvenience Mr M was caused by this matter.

It is always difficult to put a price on how much someone's been personally impacted by something, and I recognise that £200 will likely feel derisory to Mr M. The Financial Ombudsman Service has guidance for making awards to recognise distress and inconvenience and I have consulted these in light of Mr M's comments.

I am sorry to disappoint Mr M, but my view remains unchanged from my provisional findings and I've decided that NatWest's payment of £200 represents a fair and reasonable resolution to this complaint in the circumstances.

## **My final decision**

For the reasons I've outlined, my decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 19 February 2025.

Clare Burgess-Cade  
**Ombudsman**