

The complaint

A company, which I'll refer to as S, complains that National Westminster Bank Public Limited Company wrongly approved an application for a Coronavirus Business Interruption Loan (CBIL).

What happened

S holds a business bank account with NatWest.

In April 2020, there was a successful application, on behalf of S, for a £250,000 CBIL. NatWest paid the proceeds into S's business bank account in May 2020.

Under a government-backed scheme, CBILs were designed to help businesses get financial support if they were adversely affected by the coronavirus outbreak. The government paid the interest on the loan during the first 12 months.

The monthly repayments on the loan started in June 2021 and were made by standing order from S's business bank account.

In October 2024, S complained to NatWest. One of S's directors, Mr B, said that the CBIL had been taken out without his agreement or knowledge by another director, Mr G.

Mr G left the company in May 2021.

NatWest said that Mr G was the only person who signed the application, but at the time he was on S's signature mandate for the business bank account, which was one-to-sign, meaning that one director could apply for lending for the company without the others.

S wasn't happy with the bank's response, so the complaint was referred to us. The company is seeking a refund of all the repayments made towards the CBIL, plus interest.

Having looked at the evidence, our investigator didn't think that NatWest had acted unfairly or unreasonably. She gave the following reasons, in summary:

- It's clear that Mr G was an authorised signatory and the mandate was one-to-sign. So Mr G was authorised to act on behalf of S.
- NatWest accepted the CBIL application in line with the account mandate, and so it hasn't made an error or acted unfairly.
- The investigator couldn't make any findings regarding any dispute between the directors of the company.
- Having taken everything into account, the investigator thought it reasonable that S was expected to repay the CBIL it borrowed.

S didn't agree with the investigator's conclusions. On behalf of the company, Mr B said the

bank offered Mr G the loan without carrying out full due diligence, and the funds were put in a separate account of which Mr B had no knowledge. He said S has had no benefit from the CBIL funds.

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'm sorry to disappoint S's directors, but I've reached the same conclusions as the investigator and for largely the same reasons.

I've seen a copy of the signing mandate for the business bank account, and I can see that Mr G was an authorised signatory and the account required only one person to sign. As a result, Mr G was entitled to instruct the bank on behalf of S to transact new business. In these circumstances, where an authorised signatory applies for lending on behalf of the account holder, there's no legal or regulatory requirement on the bank to inform the other signatories or to obtain their permission. So I don't think the bank did anything wrong by accepting the CBIL application signed only by Mr G.

I note that the address on the CBIL agreement was S's registered company address and Mr G agreed the loan online from his company email address.

The CBIL funds were paid to S's business bank account, so I'm satisfied that S received the funds.

As Mr G was an authorised signatory to the business bank account, he was also authorised to make transactions from the account on behalf of S without additional authorisation from the other signatories.

The CBIL repayments were made regularly from the business bank account, without any missed payments. I note that the liability for the CBIL debt was included in the company's accounts for the financial year ending November 2020 (filed by S with Companies House in April 2021) and for each year since then.

I also note that NatWest showed, in S's account statements, the payment of the CBIL funds to S in 2020 and all the transactions on the account since then. So in my view, the bank has from the outset provided sufficient information to the company for it to be aware of the CBIL and all the subsequent transactions.

I realise that S's directors will be disappointed by my decision, and I recognise the strength of their feelings about the events in this complaint. But I don't find that NatWest has acted unfairly or unreasonably.

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 S to accept or reject my decision before 24 July 2025.

Colin Brown
Ombudsman