

The complaint

Mr B complains that Northern Bank Limited trading as Danske Bank (Danske) agreed to lend him money for his sole trader business, only to later change its mind.

What happened

Mr B told our service that he was told by Danske it was prepared to help him with a business loan, only to go back on its word after looking at his account income and expenditure. He said he had a good business which has been affected through no fault of his own. To put things right, he wants Danske to approve the loan.

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 afraid there's not much more I can add to what our Investigator has already said. Mr B said he was offered a business loan, only for Danske to go back on its word. But, having looked at everything both parties have told us, I'm not persuaded Mr B was promised a loan, nor do I consider it would be appropriate to tell Danske to approve the loan.

Danske has shown that Mr B's account was opened on 29 February 2024, and it has sent our service various contact notes from as far back as April 2024, referring to a loan application. The notes simply say that Danske tried to contact Mr B about business lending, but that Mr B didn't answer the call. I've seen various other notes of subsequent contact with Mr B, but nothing that suggests he was offered a loan.

I've listened to a recording of a phone call between Mr B and Danske on 21 August 2024, during which Mr B said he wanted a loan to buy a vehicle for his business. The Danske agent told him his account was overdrawn and that it had been blocked because Mr B hadn't responded when Danske had tried to contact him to discuss his account. There was no suggestion Danske would agree to lend Mr B any money.

I've also seen a system note from Danske dated 4 September 2024, relating to a visit Mr B paid to his local Danske branch. The note says Mr B asked for a business loan and was told that wouldn't be possible because his account was overdrawn and blocked.

I've also seen Mr B's Danske statements dating back to March 2024, and there's no evidence of any business turnover after March 2024. There were two payments into the account in March 2024, one referenced as "VAT rebate" and the other as "cash" which could be business activity. But nothing after that.

Our Investigator asked Mr B to provide evidence to show he had been promised a loan, but Mr B didn't provide any evidence to support his claim.

Regardless of what Mr B was or wasn't told, I couldn't reasonably tell Danske to issue the loan. Banks have lending criteria that must be met before a loan is approved. Danske has

shown our service why it didn't lend money to Mr B and I'm satisfied that he wouldn't have met Danske's lending criteria. Further, I can see that Mr B was overdrawn and had had his account blocked because he hadn't replied to Danske's attempts to contact him. And that there was no business activity on the account, with the possible exception of 2 payments in two weeks after the account opened.

It's clear that Danske had doubts about whether Mr B would be able to afford the loan, and I wouldn't expect it to lend money to a customer in these circumstances, simply because a loan had been requested (and even if a member of staff had indicated a loan would be approved).

And given there was little or no business activity on the account, I can understand why Danske might not want to lend money. If the business current account shows no signs of an underlying business capable of repaying the loan, it stands to reason that a bank might not want to grant a loan.

I appreciate Mr B needed the loan to help his business, and that he wasn't able to grow his business without the loan. But I've seen nothing to suggest Danske treated Mr B unfairly by declining the loan. So, I won't ask it to do anything further for Mr B.

My final decision

For the reasons I've set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 April 2025.

Alex Brooke-Smith
Ombudsman