

## **The complaint**

Mr and Mrs P complain that National Westminster Bank Plc (NatWest) failed to issue loan funds after approving their application.

## **What happened**

Mr and Mrs P applied for a loan of £30,000 from NatWest to help purchase a car. The loan application was made over the phone on 26 June 2024. Mr and Mrs P signed the loan agreement on 9 July 2024 and it took it into branch. The loan team received the application back on 10 July 2024. When Mr and Mrs P also visited the branch on 9 July 2024 they were advised the loan application had been approved and funds would be received within two to three days.

On 15 July 2024 Mr and Mrs P spoke with NatWest over the phone and were told the application had been declined on the basis the loan amount was too high. But NatWest says Mr and Mrs P were later told their loan application had been approved and funds would shortly be released to them.

Mr and Mrs P paid a £1,000 deposit from their current account to a car dealer. It then came to light that because of a change in the loan system NatWest uses it couldn't proceed with Mr and Mrs P's application. The car dealer refunded Mr and Mrs P's deposit.

Mr and Mrs P complained and NatWest issued two final responses. The first gave a timeline for Mr and Mrs P's application and apologised for the service provided. NatWest explained that while the loan had been approved systems issue meant it couldn't issue the funds. NatWest apologised for the issues Mr and Mrs P experienced and lengthy calls that they had to make. NatWest agreed to remove the credit search from Mr and Mrs P's credit file and offered them £250 to apologise for the distress and inconvenience caused. In the follow up final response, NatWest extended further apologies and offered an additional £250, taking the total settlement to £500.

An investigator at this service looked at Mr and Mrs P's complaint. They agreed NatWest had made mistakes but felt its offer of £500 for the distress and inconvenience caused was a fair way to resolve Mr and Mrs P's complaint. Mr and Mrs P didn't agree the settlement offered was fair and asked to appeal so their complaint has been passed to me to make 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.

I'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've

focused on what I think are the key issues. My approach is in line with the rules we operate under.

All parties agree that NatWest made a series of mistakes when Mr and Mrs P applied for their loan. Mr and Mrs P did everything they needed to in order to secure the loan including taking the signed loan agreement into branch to fast track the process. I can see Mr and Mrs P checked with branch staff who confirmed the application had been approved and funds would shortly be released. Mr and Mrs P also made several calls to NatWest to try and find out why the loan funds hadn't been paid to them and were given confusing and, at times, misleading information. I can understand Mr and Mrs P's frustration and upset at the way their loan application was handled.

I also think it's fair to note that the loan application wasn't declined. NatWest has confirmed the loan application was approved but a change in systems meant the funds couldn't be released. I'm pleased that NatWest's final response confirmed it would remove the credit search from Mr and Mrs P's credit file due to the mistakes it made. That means Mr and Mrs P's credit files haven't been impacted as a result of the loan not proceeding.

I've considered how to fairly resolve Mr and Mrs P's complaint. I can see NatWest's made a total offer of £500 in recognition of the distress and inconvenience caused to Mr and Mrs P. I know Mr and Mrs P have asked for a substantially higher settlement. But I haven't found grounds to tell NatWest to increase the award. Mr and Mrs P were able to get their deposit back which means there's no financial loss. And I think the offer of £500 reasonably reflects the impact of the issues Mr and Mrs P have raised on them and is a fair way to resolve their complaint. To put it another way, the settlement is very much in line with what I would've awarded Mr and Mrs P had no offer already been made by NatWest. So whilst I've considered everything Mr and Mrs P have told us about how the issues raised impacted them and the level of distress and inconvenience NatWest caused, I haven't been persuaded to increase the award. As I'm satisfied NatWest has already agreed a settlement that is fair and reasonable in all the circumstances I'm not telling it to do anything else.

### **My final decision**

My decision is that National Westminster Bank Plc has already agreed a settlement that is fair and reasonable in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs P to accept or reject my decision before 14 April 2025.

Marco Manente  
**Ombudsman**