

The complaint

Mr F is complaining about National Westminster Bank Plc ('NatWest') process regarding taking a personal guarantee from him in support of a loan for his business.

What happened

Mr F told us:

- His limited company, which I'll call 'D,' took out a loan for £30,000 with NatWest in June 2022 for the purchase of a vehicle.
- In April 2024, he contacted NatWest to say that the loan was unaffordable and that he hadn't understood the agreement when he'd signed it. He said that he'd made the bank aware in 2022 that he was vulnerable and needed additional support when reviewing documents. However, the bank hadn't provided this support, and he believed it had lent to D irresponsibly as the company had only been trading for six months.
- The bank held a personal guarantee for the loan, but he hadn't been aware of the consequences for him when he'd signed this. The bank hadn't checked that he'd understood what he was signing, nor did it check his personal circumstances could cover the personal guarantee.
- He wanted NatWest to remove him from the personal guarantee for D's lending.

NatWest told us:

- Mr F had tried to apply for a loan several times online before the application had been completed over the phone with one of its advisers.
- The loan was agreed over the phone on 21 June 2022 and the documents were sent to Mr F and he signed the loan agreement and personal guarantee on 22 June 2022. Mr F also signed the waiver of legal advice document at the same time.
- The personal guarantee document clearly says that Mr F should seek legal advice before agreeing to it. However, Mr F signed the waiver saying that he didn't require legal advice, and he understood his obligations as a personal guarantor.
- It is normal lending practice for it to take a personal guarantee from its customers to ensure the bank is covered should a business default and be unable to repay its borrowing. If the personal guarantee hadn't been provided, it would not have lent to D.
- Our service had already considered D's complaint about irresponsible lending and concluded that it hadn't lent irresponsibly.

Our investigator didn't recommend the complaint be upheld. He thought the personal guarantee had been clearly presented to Mr F before he signed the agreement and said that he should seek legal advice before signing it. He also said he hadn't seen any evidence that Mr F was unsure what he was agreeing to and had sought advice from NatWest.

Mr F didn't agree. He said that due to his vulnerability, he wasn't able to comprehend the implications of the personal guarantee and that he was experiencing anxiety during the loan process – which hadn't been considered by the bank. He says that NatWest hadn't provided sufficient support for him, despite being aware of his vulnerabilities and it hadn't been fair when dealing with him as it also hadn't checked he could afford the personal guarantee. He also said that the legal advice waiver didn't absolve the bank of its responsibilities in ensuring he understood the personal guarantee. So, she asked for an ombudsman to review the complaint.

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 done so, I'm sorry to disappoint Mr F but there isn't much more that I can say differently to what our investigator has already said.

Mr F told us that NatWest were aware of his vulnerabilities and the reasonable adjustments that he required when reviewing documents, so he believes it should have done more to support him with regards to the personal guarantee. But I don't agree. I say that because it would have been inappropriate for the bank to provide Mr F with any assistance regarding the personal guarantee, because the security he was providing was for the bank's benefit if the situation occurred that D was unable to repay the outstanding debt. The reason that the personal guarantee documents say that any advice needs to be provided independently is so that any third-party being used has no links to the bank, and there can be no undue influence on the advice provided to the guarantor giving the personal guarantee. Therefore, NatWest was never going to be able in this situation to give Mr F advice on what he should or shouldn't sign on the guarantee documents.

I've checked the agreement which Mr F signed as a guarantor, and I'm satisfied that it was clear and sufficiently prominent that he should seek independent legal advice before signing it. I recognise that Mr F said he didn't understand the implications of the personal guarantee or the waiver of legal advice that he was signing. However, I'm satisfied that the agreement was clear that if Mr F didn't understand what he was signing or the implications of this, that it would have been more suitable for him to seek legal advice or guidance. I haven't seen any evidence from either party that Mr F sought legal advice or even asked the bank what independent legal advice was or how he should obtain this.

I recognise that Mr F felt that the waiver of legal advice document doesn't remove NatWest's obligation to support him as a vulnerable customer. However, with regards to the personal guarantee documentation, I'm satisfied that the bank met its obligations here. I also haven't seen any evidence that NatWest misrepresented the personal guarantee requirement, or that it put undue pressure on Mr F which would have added to any anxiety he may have felt when making his decision to take out D's loan and signing the supporting guarantee. I say that because I can see that the documents were sent to Mr F after he'd had the phone call with the bank, so I'm satisfied that he had reasonable opportunity to get support to review the documents before returning them to the bank.

Mr F told us that he also believes it's unreasonable that the bank didn't check the personal guarantee was affordable before it accepted this as security. However, there is no

requirement for NatWest to undertake this check because it wasn't providing lending to Mr F. The lending was being provided to D, and therefore any affordability checks would have been on behalf of the business. By signing a personal guarantee, Mr F was simply saying that he agreed to repay any outstanding balance owed by D by whatever means was necessary. There wasn't any requirement for the bank to check how this would be repaid.

I understand that Mr F is likely to be unhappy with my decision, as I've seen what this means to him. But from what I've seen, I don't agree NatWest has treated him unfairly in his capacity as a guarantor. So, I won't be asking it to do anything more.

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 Mr F to accept or reject my decision before 23 June 2025.

Jenny Lomax
Ombudsman