

The complaint

Mr K complains that National Westminster Bank Public Limited Company ("NatWest") didn't allow him to consolidate two of his personal loans, one of which was previously upheld by us as being irresponsibly lent and with a recommendation for no interest to be paid.

For ease, in my decision I will refer to Mr K when talking about him or his representative.

What happened

Mr K was granted two loans by NatWest, one for £15,000 in May 2018 repaying over a term of 108 months and one for £15,000 in November 2021 repaying over a term of 60 months.

Mr K complained to NatWest in August 2023 that both these loans had been lent irresponsibly. This complaint has already been resolved but is mentioned here as it's linked to this current complaint.

Following Mr K's complaint, NatWest wrote to him in a final response letter (FRL) on 11 September 2023 and explained it wasn't upholding the complaint but gave Mr K a six month interest waiver on his credit card as a goodwill gesture.

Unhappy with the FRL, Mr K brought his complaint to us on 19 September 2023.

Our investigator thought the first loan had been responsibly lent by NatWest but concluded that the second loan had been unaffordable for Mr K and upheld that aspect. Both Mr K and NatWest agreed with this outcome.

Following this complaint outcome, Mr K subsequently complained to NatWest in February 2024 that it hadn't allowed him to consolidate his loans and into one interest free repayment plan.

On 18 April 2024 NatWest issued Mr K with a final response letter ("FRL"). Under cover of this FRL, NatWest explained that it was unable to locate all the call recordings between it and Mr K and acknowledged that an income and expenditure form it had sent Mr K, hadn't been received by him and that there had been issues regarding an interpreter being available for one of the calls. NatWest confirmed that following his previous complaint, it had refunded £4,109 in interest for his second loan and that it was a zero percent loan, with no further interest. NatWest said that due to an oversight, his credit file hadn't been amended but it had since written to the credit reference agency to update it. NatWest apologised for the inconvenience caused and compensated Mr K with £100. It also asked Mr K to contact their collections team to discuss his account and signposted him to external free money advice services.

Unhappy with NatWest's FRL, Mr K referred the complaint to us in July 2024.

Our investigator for this complaint didn't think Natwest had done anything wrong and had treated Mr K with understanding and forbearance in trying to agree a suitable repayment

plan. Mr K didn't agree with our investigators view and so the matter has been passed to me for review and 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.

Having done so I can confirm that I've come to the same overall conclusion as the investigator and for broadly the same reasons. There is also very little I can usefully add to what has already been said.

I'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I've got is incomplete, unclear or contradictory, I've to base my decision on the balance of probabilities.

Following Mr K's previous complaint concerning the two loans provided by NatWest, the investigator upheld the complaint relating to the granting of the second loan on 12 November 2021 for £15,000, saying that it was unaffordable at that time. Our investigator recommended a refund of interest for this loan and for any adverse information in relation to it, to be removed from Mr K's credit file which Mr K and NatWest both accepted.

Since that outcome, NatWest has refunded Mr K £4,109 in interest and made this loan interest free. NatWest acknowledged that due to an oversight on their part, his credit file hadn't been updated but have since made efforts to rectify this. Mr K has said however that he would like both loans consolidated, so that he pays only £200 towards both loans without any interest.

NatWest told us that unfortunately this wouldn't be an option as, all the outstanding debt would need to be consolidated into one repayment and that would be subject to interest charges notwithstanding the fact that the second loan is currently interest free. This option was offered to Mr K but declined as he didn't think it was fair having to pay interest on the consolidated second loan.

On balance, I don't think Natwest has done anything wrong here. It has adhered to the recommendations that we made in relation to the second loan and made attempts to correct the information on Mr K's credit file when it found out it hadn't been amended. From the evidence seen, I'm also satisfied that it has treated Mr K with forbearance and due consideration and has attempted to discuss a viable repayment plan with him.

I appreciate why Mr K feels that consolidating his two loans into one would be beneficial to him and possibly to NatWest. But banks are free to determine on what basis to support – or continue to support – a particular customer. And a bank's commercial judgement extends to making decisions about whether to consolidate, or not to consolidate, a customer's existing borrowing with it.

Our service will not usually interfere with a bank's commercial judgement provided it's exercised legitimately and reasonably. And based on everything that Mr K and NatWest have said and submitted I'm satisfied that is what has happened here.

I appreciate that financially that this is a difficult time for Mr K. But ultimately, there is still an outstanding balance that will need to be repaid and Mr K hasn't made any payments towards the outstanding debt of either loans since 2022. I think Mr K needs to weigh up the options now available to find the best way forward in repaying this debt, which will not see his indebtedness increase and will ultimately, pay off the outstanding amount and get some financial security back.

I appreciate that this isn't the outcome Mr K was hoping for and I'm sorry to hear of his difficult personal and financial circumstances which I hope will improve.

Although I'm not upholding Mr K's complaint, I would like to remind NatWest of its ongoing obligation to exercise forbearance and due consideration if Mr K has difficulty making his existing loan payments going forwards.

My final decision

For the reasons given above, I'm not upholding Mr K's complaint against National Westminster Bank Public Limited Company.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 25 June 2025.

Paul Hamber
Ombudsman