

## **The complaint**

Mr D and Mr M complain that National Westminster Bank Public Limited Company (NatWest) has not administered a loan correctly.

## **What happened**

In 2015, Mr D and Mr M took out a fixed rate business loan with NatWest. The loan was for £62,500 repayable over a term of 15 years. The interest rate was fixed for three years then 4.25% above “base rate”.

In December 2023, Mr D and Mr M did not make a payment to the loan. NatWest told them that they’d made overpayments that were sufficient to cover the missed payment. But NatWest later said that overpayments had not been made that covered the missed payment – so the loan was in arrears.

Mr D and Mr M complain that NatWest had not administered the loan correctly. They said the payments requested by NatWest do not match the interest rate it should have applied and they have been overcharged. They also complain that NatWest told them they’d overpaid but later told them they had not done so.

When the complaint was referred to us NatWest said that Mr D and Mr M had been overcharged interest from 11 March 2020 to 20 December 2021. It said from that point it the repayments were changed automatically to reflect changes in the base rate

NatWest said Mr D and Mr M had made overpayments from 11 March 2020 to 20 November 2023 totalling £669.84. NatWest said that was sufficient to cover the missed payment in December 2023 – leaving £149.93 in overpayments. But it said that Mr D and Mr M had underpaid interest by £119.49.

NatWest credited the overpayment to Mr D and Mr M’s current account, adjusted the interest and amended the monthly payments so the loan will be repaid at the end of term. It also offered £500 for any distress and inconvenience. The investigator thought that was a fair way to put things right.

Mr D responded to say that he did not understand how NatWest had reached the figures it did in its recalculation. He said with the overpayments the term of the loan should have reduced.

Following the investigator’s initial view, NatWest carried out further calculations. It said there was slight error in its original calculations and that it had refunded £44.44 too much to Mr D and Mr M. It offered to refund £119.49 in additional interest to account and to amend the repayment. The investigator recommended that Mr D and Mr M accept the revised offer.

Mr D and Mr M did not accept what the investigator said.

## **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 understand why Mr D and Mr M are reluctant to accept that NatWest has sorted out the problems with their loan – it has made mistakes. But after looking carefully at the evidence from both Mr D and Mr M and NatWest, I consider that NatWest has put forward a fair way to settle this complaint.

I'd note that it is not for me to audit Mr D and Mr M's loan. Rather it is to review the evidence that both sides have provided and to decide what is fair and reasonable in the individual circumstances of this complaint.

NatWest has provided detailed calculations to support what it has said. When we have put Mr D and Mr M's calculation to NatWest it has pointed out a number of discrepancies, which I accept. For example, interest was not calculated daily and there were incorrect figures used that meant the following calculation was flawed. Overall, I am more persuaded that NatWest's calculations are correct – and what it has offered to do to restructure the loan is a fair and reasonable way to put things right.

Mr D and Mr M said that NatWest has calculated the overpayments incorrectly. For example, they consider they overpaid by £437 a month from March 2020 until December 2021. Although the base rate was 0.10% at that time, that meant the interest rate on the loan was 4.35%. I don't see how that could mean they'd overpaid by £437 a month. The amount they actually overpaid was significantly less than that.

Mr D and Mr M said that the amount of capital they've repaid in 2023 and 2024 looks wrong. But NatWest has repeatedly assured us that it has adjusted the loan payment amount so that the loan will be repaid at the end of the agreed term – and as far as I can see that appears to be correct.

I understand why Mr D and Mr M are reluctant to accept what NatWest has said. It took some time for NatWest to set out the correct position and the calculations are not always straightforward to understand. But I don't consider Mr D and Mr M have put forward any persuasive evidence or arguments to show that what it has said or that its calculations are wrong.

While Mr D and Mr M had made sufficient overpayments to cover the missed December 2023 payments, I accept that they were still required to make the payment that was due. In saying that, it appears, that NatWest could have done more to acknowledge the overpayments that had been made – and that could have avoided some of the distress and inconvenience Mr D in particular suffered.

NatWest has offered Mr D and Mr M £500 for any distress and inconvenience this matter has caused to them. I think that is fair to reflect the time and stress this matter has caused Mr D and Mr M – but I also have to take into account that the financial impact is not as significant as they believe.

### **My final decision**

My final decision is that NATIONAL WESTMISTER BANK PUBLIC LIMITED COMPANY should:

- Pay Mr D and Mr M £500.
- If it has not done so already, carry out the recalculation so that the correct interest rate was applied in line with the terms of the loan – including the refund of £119.49 additional

interest to the loan.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mr M to accept or reject my decision before 9 July 2025.

Ken Rose  
**Ombudsman**