

The complaint

Mr S complains about the rate of interest he's been charged on a loan provided to him by National Westminster Bank Public Limited Company (NatWest). He recalls the rate being much lower.

What happened

In May 2024, Mr S applied for a loan with NatWest online using his phone whilst in a branch. The loan was for £20,000 and the term was 84 months. Mr S says he recalls the rate of interest being around 7% however he realised some months later that he had been charged at a rate of 19.9%. Mr S complained that he had been misadvised in the branch.

NatWest reviewed Mr S's complaint. Ultimately, it apologised for information Mr S received in the branch and also how his complaint had been handled when it had been dealt with by the initial complaint handler. In resolution of this element of the complaint, it said it would provide feedback where appropriate. As I understand it, NatWest also paid Mr S compensation to cover the inconvenience and costs associated with having to visit the branch to complain.

In relation to the interest rate on the loan, NatWest explained that it had sent Mr S documentation with the information relevant to his loan repayments. It further explained that the rate Mr S received depended on his circumstances and it could differ from the representative rate. So, NatWest said it wouldn't change the interest rate on the loan.

Mr S remained unhappy and brought his complaint to this service. An Investigator here reviewed matters, but didn't recommend that the complaint be upheld. In summary, he said the loan terms that Mr S accepted would have stated that the interest rate was 19.9%. He also said Mr S was sent these terms in the post and he could have cancelled the agreement within the cooling-off period if he was unhappy with it.

Mr S disagreed with this opinion. In summary, he said he was told it was a much lower interest rate when he was in branch and he wasn't advised by the staff member to read the agreement. Mr S also said he didn't receive any documentation about the loan.

Overall, an agreement hasn't been reached. So, the case has been passed to me to decide.

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.

A number of issues have been raised in relation to this complaint, however this decision will focus on what I consider to be the crux of the complaint. Additionally, where there is limited information, I've reached my findings based on what I think is more likely than not to have happened in the circumstances.

Mr S says as part of his complaint resolution, he'd like the member of staff he says gave him incorrect information to be reprimanded. However, it's important I explain that the Financial Ombudsman Service doesn't punish businesses; my role is to reach a fair and reasonable outcome on Mr S's individual complaint based on the evidence available to me.

NatWest has provided screenshots of a process it says Mr S would have followed when completing his loan application online. These show that a prospective customer would receive a quote which included a rate of interest. They would then continue with the application process to set up the loan.

Having considered this carefully, even if I accepted that Mr S was provided with incorrect information in the branch – which may have been an illustrative, representative rate of interest – I think it more likely than not he would have been made aware of the actual rate of interest he was due to be charged at some point during the application process.

Following this, I think Mr S would have also been made aware of the rate of interest he was due to be charged in follow-up correspondence. Mr S says he never received any correspondence about the loan. However, NatWest has provided a copy of the letter it sent Mr S after the loan had been approved, and it has provided a screenshot showing this was dispatched. The first line of the address and postcode on the letter match what Mr S told this service his address was when he registered his complaint. And, when this service showed Mr S the letter, he didn't say the address on the letter was wrong – he simply said he didn't receive it. So, on balance, I'm persuaded NatWest sent the letter to the address it held for Mr S at the time.

The letter sets out the terms of the loan clearly, including the interest rate. With this in mind, I'm persuaded, based on the available evidence, that the loan agreement Mr S agreed to included the higher rate of interest. I say this because the follow-up correspondence details this and I think it's unlikely NatWest would approve Mr S for one rate, only to charge him much more later. Indeed, the follow-up letter states that the loan is made in the exact same terms as the copy Mr S was provided with before he signed the agreement electronically. I note NatWest also says Mr S would have been aware of this information through his online banking facility.

As I understand it, NatWest compensated Mr S for his experience when he was in the branch, including any incorrect information he may have been given about his loan. I appreciate Mr S wasn't happy with this resolution and part of what he's asked for is the lower interest rate to be honoured. However, I don't think NatWest needs to do anything further here. Despite any information Mr S may have been given in branch, I'm persuaded NatWest did notify Mr S of the higher rate of interest he was due to be charged – likely during the application process, and in the follow-up correspondence. So, I don't require NatWest to do anything more than it already has done.

In his submissions, Mr S has raised some customer service issues in relation to NatWest providing him with an answer about what had happened. I appreciate Mr S's concerns here. He clearly didn't agree with the outcome NatWest reached on his complaint. I also note NatWest's more recent response to his complaint recognised that it could've handled things better when initially reviewing matters, and it apologised about this. In its follow-up, NatWest explained why it reached the conclusions it did, and explained Mr S had the right to come to the Financial Ombudsman Service if he didn't agree. Mr S has done that, and we've reviewed the complaint. Mr S and NatWest have different views on the overall fairness of its actions, but I don't think that means NatWest handled matters unfairly overall.

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 S to accept or reject my decision before 24 July 2025.

Hana Yousef
Ombudsman