DRN-5807456

The complaint

Miss W is unhappy that the National Westminster Bank Plc (NatWest) misadvised her about the eligibility criteria for a personal loan.

What happened

The complaint circumstances are well known to both parties, so I don't intend to list these chronologically and in detail. However, to summarise, Miss W was interested in switching her current account away from NatWest at a time she was also interested in taking a personal loan with NatWest.

Miss W says that she checked with NatWest on a number of occasions if she could still apply for a loan with them, even after switching her current account to another provider, and they told her she could. So, in February 2024, she switched her current account to another provider using the current account switching service. However, when she subsequently tried to apply for a loan, she found that she didn't meet the criteria of having had a current account with NatWest for at least 3-months.

Miss W says that, as a result of this, she struggled to get a loan elsewhere, which meant that she wasn't able to fund home improvements so she could sell her property; and when she did get a loan elsewhere, it was at a much higher interest rate than NatWest were offering.

In a letter dated 26 July 2024, NatWest said they couldn't trace any calls where they told Miss W she would be able to apply for a personal loan – they didn't know the exact times and dates of the calls Miss W had said she'd made, and, as she no longer banked with them, they only held minimal information on their records. However, they confirmed they had *"no reason to disbelieve your version of events."*

As well as confirming their current criteria meant that Miss W wasn't able to apply for a loan with them, NatWest also said they were unable to reopen a current account that had been switched, and that Miss W would need to apply for a new current account if she wanted to open one. They also sent Miss W a £50 cheque as compensation for what had happened. In a follow up letter, NatWest also confirmed that they hadn't recorded the personal loan application as a hard search on Miss W's credit file.

Miss W wasn't happy with what'd happened, and she brought her complaint to the Financial Ombudsman Service for investigation.

Our investigator said that Miss W had provided us with details of when she made the calls to NatWest, but NatWest were unable to trace any of these calls. However, the investigator also said that NatWest's lending criteria was available online at the time Miss W switched her current account, and this made it clear that an application would need to hold a NatWest current account to be eligible for a loan. So, the investigator thought NatWest had made their criteria reasonably clear.

The investigator also said that, even if Miss W was able to apply for a loan, there was no guarantee that NatWest would approve one, and if they did, no way of knowing how much they would've leant or at what interest rate. As such, they thought that NatWest's apology and the £50 compensation was reasonable in the circumstances, and they didn't need to do anything more.

Miss W didn't agree with the investigator's opinion. She said that she'd made repeated enquiries over several months with NatWest about their loan eligibility criteria, and she was told she could apply for a loan without having a current account. So, acting on this advice, she switched her current account to a new provider. As she was misadvised by NatWest, which resulted in her taking a higher interest loan elsewhere, she didn't feel that she'd been adequately compensated.

Miss W also said that it was *"suspicious"* that NatWest weren't able to trace any of the calls she'd made about this, so she didn't think her evidence had been taken into account. What's more, Miss W didn't think the information published on NatWest's website negated the information she'd been verbally told. So, she asked that this matter be passed to an ombudsman 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

The basic facts of this case aren't disputed. Miss W says she was verbally told on a number of occasions that switching her current account to another provider wouldn't stop her from being able to apply for a personal loan with NatWest. While NatWest have been unable to trace any of the calls Miss W made, they made it clear in their letter of 26 July 2024, and again in a letter dated 14 August 2024, that they didn't disbelieve Miss W's testimony.

What's more, in the 14 August 2024 letter, NatWest said they were *"sorry we led you to believe you could apply for a loan without holding a NatWest current account when this isn't the case."* I appreciate that Miss W feels it's suspicious that NatWest couldn't trace her calls with them, and this means that her evidence has been ignored, but I can't agree this is the case. It's clear that NatWest accept they misadvised Miss W, and having copies of any calls that confirm this was the case won't change the outcome.

So, as NatWest have accepted they misadvised Miss W, I've gone on to consider what impact this actually had.

While Miss W says she had to obtain an alternate loan, from a different provider, at a higher interest rate than NatWest offered, this is only applicable if NatWest had told Miss W that she was guaranteed to be offered a loan for a certain amount, and at a certain interest rate. While this isn't something I'd expect any reasonable lender to do – they wouldn't be able to confirm a loan amount and interest rate without having considered an application against their risk and lending criteria – it's also something Miss W hasn't said NatWest offered her. She's consistently said that NatWest only ever confirmed that she would be able to apply for a loan with them.

Taking this into consideration, it would be fair to say that NatWest were never obliged to provide Miss W with a loan, and there's always the possibility that any application would've been declined. And, if Miss W's application wasn't declined, then I can't fairly say how much Miss W would've been offered, over what term, and at what interest rate. So, I also can't fairly say that Miss W would've accepted NatWest's terms, had they offered her any.

Given this, I think it's fair to say that NatWest's actions denied Miss W the opportunity to apply for a loan only, and they didn't deny her any specific amount, term, and/or interest rate. This means that Miss W is actually left in the position where she is unaware, and will never know, whether NatWest would've approved any loan application, and under what terms. And it's this that NatWest are compensating her for, not for any difference between the loan she eventually got and what she may have potentially been offered had an application to NatWest been successful.

So, Miss W should be compensated for the loss of opportunity to be able to apply for a loan with NatWest. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

NatWest have already paid Miss W £50 for this loss of opportunity. And having considered this given the facts of this case, I think it's a fair offer that falls in line with our service's approach and what I would've directed, had it not already been put forward. So, and while I appreciate that Miss W won't necessarily agree with my conclusion, I won't be directing NatWest to pay anything more.

My final decision

For the reasons explained, I don't uphold Miss W's complaint about the National Westminster Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 14 October 2025.

Andrew Burford
Ombudsman