

Complaint

Miss E is unhappy with what National Westminster Bank Public Limited Company (“NatWest”) has agreed to do to put things right after she complained about personal loans that it provided to her.

Background

Miss E has also complained about an overdraft and a credit card that NatWest also provided to her. But we’ve explained at that we’re looking at her complaints about those matters separately. And this final decision is only considering Miss E’s complaint about the loans that NatWest provided to her.

Miss E was provided with a total of three personal loans by NatWest. Her lending history is as follows.

Loan	Date taken	Amount	Term ¹	Monthly payment	Settled
1	December 2022	£2,750.00	24	£106.89	July 2023 ²
2	July 2023	£2,700.00	36	£107.69	Outstanding*
3	February 2024	£2,000.00	36	£107.21	Outstanding*

* at time of Miss E’s complaint.

After Miss E referred her complaint to our service, NatWest agreed to write off the outstanding balances on loans 2 and 3. One of our investigators looked at Miss E’s complaint and she told Miss E that what NatWest had agreed to do was fair and reasonable in all of the circumstances of her complaint.

Miss E initially accepted NatWest’s offer and then contacted us to say that she believed that NatWest needed to pay her further compensation in light of the distress and inconvenience that she’s experienced. The investigator didn’t consider that any further compensation was due.

Miss E disagreed with our investigator and asked for an ombudsman’s decision.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having carefully considered everything, I think that what NatWest has done to put things right for Miss E is fair and reasonable in all the circumstances of her complaint and I’m not requiring it to do anything more, or anything further. I’ll now proceed to explain why I think this is the case in a little more detail.

¹ in months.

² loan 1 was settled with £1,662.22 of the £2,700.00 provided for loan 2.

It might help for me to start by explaining that where a business accepts (or we decide) it did something wrong, we'd expect the business to put the consumer in the position they would be in if that wrong hadn't taken place. And in an ideal world, we'd tell a business to put a consumer in the position they'd now be in if they hadn't been given the credit they shouldn't have. However, that's not possible in cases where funds that shouldn't have been advanced were advanced because typically those funds will have already been spent.

So we have to look at a way of asking a business to put things right in a fair and reasonable way. And where a business irresponsibly provided credit that was unaffordable, we'd typically expect it to put the consumer in the position they'd be in now if they hadn't paid any interest and charges on that credit. This means we'd normally expect a lender to refund the interest and charges added to the credit. And if those interest and charges were paid also add 8% simple interest per year.

At this point, I think that it would be helpful for me to set out the total amount of funds she received and the total that she had repaid by the time of her complaint. I've set this out in the table below:

Loan	Date taken	Funds received	Payments made	Total repaid
1	December 2022	£2,750.00	6	£641.34
2	July 2023	£1,037.78 ³	12	£1,292.28
3	February 2024	£2,000.00	5	£536.05
Total funds Miss E received - £5,787.78			Total Miss E repaid - £2,469.67	

As can be seen from the table, at the time of her complaint, Miss E in effect hadn't repaid any interest, fees and charges as a result of her loans. She had received a total of £5,787.78 (over the course of the three advances) and had only repaid £2,469.67. This means that if NatWest was to put things right in the way that we'd typically expect a firm to, this would mean that it would be required to set up a repayment plan for the £3,318.11 (the £5,787.78 in funds advanced minus the £2,469.67 in payments Miss E made) Miss E would have left to pay after all interest, fees and charges are removed from the loans.

However, as a gesture of goodwill NatWest agreed to write off the balances remaining on both of Miss E's outstanding loans⁴, which has left Miss E with nothing to repay. So at first glance, as NatWest has made an offer that is far more generous than what we would direct it to do in the circumstances, it's difficult to see how Miss E has been treated unfairly.

That said, we do look at each case individually and on its own particular merits. And while we have a general approach to how we might tell a lender to put things right where it continued to provide credit it shouldn't have (such as here), we can and will tell it to do something different and/or something more if there's a strong reason to say that's what would be fair and reasonable to do in the circumstances of that individual case.

Miss E believes there is a strong reason for NatWest to do more given the circumstances of her case. She believes that NatWest should pay her additional compensation because of the distress and inconvenience its actions caused her. I've carefully read and considered everything that Miss E has provided. As this decision will be published, I don't propose to set out all of her circumstances. Nonetheless, I've considered everything Miss E has said. I appreciate she's gone through a very difficult time and sympathise with her position.

³ This is the amount of new funds Miss E received as £1,622.22 of the £2,700.00 she was lent for loan 2 went towards settling the outstanding balance on loan 1.

⁴ NatWest says it wrote off an amount of £4,449.00 for these loans. However, this amount includes the interest due on loans 2 and 3.

However, I don't think that I'm in a position to say that NatWest was entirely responsible for causing Miss E's difficulties. At best, I'm only able to say that Miss E finding herself unable to make her loan payments may have caused some additional distress during an already difficult period of time for her. Furthermore, it's also difficult for me to reasonably conclude that Miss E would have been in a substantially better position but for NatWest providing these loans to her.

This is particularly as I've set out more than half of the total capital amounts Miss E was advanced was written off. Miss E has had the use of around £3,300.00 in funds she wouldn't have had and which she now doesn't have to repay. So it's difficult for me to say that she would be in a better financial position and has been caused even more distress – bearing in mind the situation she's described – as a result of being provided with these loans.

I'm also mindful of the fact that any awards for distress and inconvenience are typically modest. And awards in excess of £3,000.00 – which bearing in mind the fact that NatWest has already written off £3,318.11 that it didn't need to would effectively be the minimum I'd be compensating Miss E, as I have to take into account the write off – are extremely rare.

For the sake of completeness, I've also seen that Miss E is unhappy at the fact that she has been dealing with this matter for over a year. I can understand why Miss E may feel frustrated at this. However, complaint handling isn't an activity which falls within my jurisdiction. Ultimately, it is the regulator which monitors firms' actions in relation to the complaint handling rules and which deals with any non-compliance in this area.

So while I appreciate that Miss E may be unhappy at the way her complaint has been handled, I'm afraid that this isn't a matter I can consider or award her compensation for. All I can do is consider whether what NatWest has already agreed to do to put things right was fair and reasonable in all the circumstances of her case.

As I've explained, I do sympathise with the position that Miss E is in. I also realise that an award of additional compensation here may provide her with some assistance in relation to her current position. But I can't make a further award against NatWest simply because I sympathise with Miss E's difficulties and such an award may help her situation. I can only make an award where it's fair and reasonable for me to do so bearing in mind what NatWest agrees it did wrong and even then any award has to be commensurate with any distress and inconvenience that may have been caused to Miss E.

Bearing all of this in mind and considering the fact that NatWest's write off has effectively already resulted in an additional compensation payment of over £3,300.00, I'm not persuaded that it would be fair and reasonable to me to make a further award for distress and inconvenience here. I'm therefore satisfied that what NatWest has already done to put things right for Miss E – writing off the balance on her remaining loans, is fair and reasonable in all the circumstances of the case.

In reaching my conclusions, I've also considered whether the lending relationship between NatWest and Miss E might have been unfair to Miss E under s140A of the Consumer Credit Act 1974 ("CCA").

However, I'm satisfied that what NatWest has already agreed to do to put things right for Miss E's complaint as a whole, is fair and reasonable in all the circumstances of this case and I'm not requiring it to do anything further. I'm also not persuaded that s140A CCA or anything else would, given the facts of this complaint, lead to a different outcome in respect of this.

Overall and having considered everything, while I can understand Miss E's sentiments and appreciate why she is unhappy, I'm satisfied that it wouldn't be fair and reasonable in all the circumstances of this complaint for me to require NatWest to do anything more or anything further. I appreciate this will be very disappointing for Miss E. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm satisfied that what National Westminster Bank Public Limited Company has already done to put things right for Miss E, is fair and reasonable in the circumstances of her complaint. So I'm not requiring it to do anything more or anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 10 November 2025.

Jeshen Narayanan
Ombudsman