

## **The complaint**

Mr W complains that National Westminster Bank Public Limited Company ('NatWest') failed to administer his loan application correctly. This led to him not being able to take a loan which in turn has impacted his finances. Mr W has also complained that the loan application process has left a 'search, or searches' on his credit file which may negatively impact his ability to get credit in the future. And lastly he complains that NatWest's customer service has been poor.

## **What happened**

This complaint is about a personal loan agreement that Mr W applied for in December 2024. The loan was not approved, and NatWest did not lend money to Mr W.

During the loan process Mr W complained to NatWest, saying that he was having problems with the loan application, and that the customer service he was receiving was poor.

NatWest considered this complaint, and it has upheld it in respect of the customer service Mr W received. It offered £350 compensation for the poor customer service Mr W received. It doesn't agree that it should have lent to Mr W, or that the credit search should be removed from his credit file. Mr W doesn't think this is fair, and he has brought his complaint to the Financial Ombudsman Service.

Our Investigator didn't uphold Mr W's complaint. She was satisfied that NatWest hadn't acted incorrectly when it declined the loan and she didn't think it was unreasonable for Mr W's credit file to reflect that searches had been made in respect of the application. And whilst NatWest's customer service could have been better at times, she didn't think this would have affected the lending outcome. She thought that NatWest's offer of compensation was reasonable for the poor customer service.

Mr W didn't agree with the Investigator. He said that:

- NatWest did not decline his loan; the application was successful but lapsed due to the delay in providing the further information required. The application expired due to NatWest's failure to follow its own processes.
- The fact that he used a shortened version of his full name could be a 'barrier' to the loan application but not a reason for rejection. It is unfair that this could not be fixed.
- The application does not need to be in Mr W's full name as it was accepted, and NatWest was able to place information on his credit file, so it knew who he was.
- He still thinks he should have access to the loan and should receive compensation.

There was some further correspondence in which our Investigator clarified that she did not think the loan was approved at any point. And following this Mr W said that he still thought that the loan was approved but not enacted due to the application expiring. And this was an important difference. Because Mr W didn't agree, this matter has been passed to me to make a final 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.

There has been a significant amount of correspondence, and telephone calls, about the events that took place about the loan application. I have read all of this, but I won't refer to it all here or talk about all the issues that have been raised. This is partly to avoid providing too much detail about Mr W's circumstances, and partly as I don't need to refer to all of it to reach my decision. I'll just talk about what is needed for me to decide if NatWest has acted fairly.

By way of a summary, Mr W applied for a loan in late December 2024. He says NatWest's mobile app indicated that this was approved straight away, but when he went to proceed, the application was rejected. I understand this was primarily because the loan application states that the application must be completed using the customers full name which wasn't done here. And so, the loan application didn't match the identity documents Mr W provided.

Mr W appealed the rejection of the loan. He said he was told he would receive a reply as part of the appeals process within five days; this didn't happen. But he did receive a communication by text message, later on, that asked him for some further details, which I understand were identity documents.

I understand Mr W provided the documentation that was asked for, but he still didn't pass this second check, and he was informed about this in time. And going forward the loan application passed the 28 day period within which it needed to be put in place, and it wasn't approved. Mr W was informed about this and that the loan application can't be reconsidered due to expiration of this timeframe. Mr W would need to re-apply (or look elsewhere) if he still wanted to borrow.

I've considered whether NatWest should have lent to Mr W. NatWest is entitled to set the criteria it has in respect of lending. I think it's acknowledged that Mr W didn't meet these criteria. As has been discussed in some detail, over the time Mr W applied for the loan, there were problems with the identity documentation supplied in relation to the name Mr W applied under. I don't think this is unreasonable and I don't think it would be right for me to say that NatWest shouldn't have these criteria. So, it follows that I don't think it would be right to say that it should have lent.

I can see why Mr W thinks the rejection of the loan may have been largely due to poor systems, or administration of the application, on the part of NatWest rather than him not meeting any lending criteria NatWest may have. Even though he accepts that he didn't complete the application information properly. But it's worth noting that, I think NatWest did have enough detail about Mr W's circumstances to allow it to make a lending decision and it has chosen not to lend to him. This is a decision it is entitled to make and it wouldn't be appropriate, or fair, for me to effectively reconsider this decision.

So, I don't think that compensation based on the situation that Mr W's other lending would have been repaid if the loan had proceeded would be right.

It's clear there has been some poor customer service here and this has been acknowledged by NatWest. I'm not going to repeat the details of all of this, but there were a few instances where NatWest didn't get back to him as soon as it said it would, and I think there was a lack of clarity about the application process itself.

And I've listened to the telephone calls Mr W had in January 2025 with NatWest, and I can understand the frustration he had here with customer service. I agree it was very poor to be consistently told by NatWest employees that they needed information from other parts of the business that could only be contacted by email, and these other individuals or departments would not call him back or even would not make calls internally.

And NatWest acknowledged, particularly in the call that took place on 28 January, that its' customer services systems and processes didn't really work for situations such as Mr W's. This is because he wasn't recognised as a customer and so he had problems when he contacted NatWest every time. For example, he was always asked for a customer number that he didn't have. And so, it was very difficult for him to get the information he wanted. And it seems from how NatWest has outlined its 'self service' process and it's said this will always be the situation where a product is declined and a consumer wants some further information about this.

Overall, I agree Mr W should have received clearer information about why the appeals process hadn't been successful. And his complaint was also not handled as well as it could have been. NatWest clearly could have done better here, and it has acknowledged this. That said, I think NatWest's offer of £350 compensation is reasonable for this. And this doesn't detract from what I've said above about the lending application itself.

As part of the complaint Mr W says he was told the loan application has been successful but had now expired. And if he wanted a loan he would need to reapply. Mr W has noted that he now has a record of a search, or searches, on his credit file which could adversely affect his ability to get credit. But, as I've said, NatWest does have the ability to decline loans. And it does have responsibility to record information about loan applications. The search was instigated as soon as Mr W applied for the loan and isn't related to the later problems he had. Mr W has applied for a loan that has ultimately not been approved, and his credit file should reflect this, despite the mitigating circumstances.

### **My final decision**

National Westminster Bank Public Limited Company has already made an offer to pay £350 to settle the complaint and I think this offer is fair in all the circumstances. So, my decision is that National Westminster Bank Public Limited Company should pay £350.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 10 December 2025.

Andy Burlinson  
**Ombudsman**