

The complaint

Ms I complains about how NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY administered her applications for a personal loan.

What happened

The background to this complaint is well-known to both parties. So, I won't cover each and every point here; rather, I'll set out a brief summary of events:

- In October 2025, Ms I applied for a "pre-approved" personal loan with NatWest via its mobile app.
- Ms I encountered an error message which encouraged her to resubmit another application; she did just that, but she received the same error message.
- Ms I then discovered that NatWest had recorded two hard searches with Credit Reference Agencies ("CRAs") which displayed on her credit file, despite neither application proceeding. So, she complained.
- NatWest, in response, explained that it had experienced a system error the day Ms I had made her applications. As such, Ms I's applications had been affected and progressed to the final stage. The bank agreed to remove the two hard searches recorded with CRAs; it also paid Ms I £200 compensation and apologised for what had happened.
- Ms I held a further conversation with NatWest about a loan, but the bank said it wouldn't be willing to lend to her given her current circumstances: Ms I wasn't working or in receipt of an income at that point in time.
- Ms I remained unhappy, so she brought her complaint to this Service and an Investigator here reviewed what had happened. They didn't think NatWest needed to take any further action. In summary, the Investigator found that the bank had indeed caused some distress and inconvenience – but it had remedied appropriately by removing the hard searches and compensating Ms I. Moreover, the Investigator didn't think it was unreasonable of the bank not to accept a loan application from Ms I in circumstances where she wasn't earning an income.
- Ms I disagreed. She set out, at length, how her credit score had been impacted; how she wasn't attracting the same lower levels of interest rate on potential borrowing as had been offered prior to the bank's error; how she thought NatWest had breached data protection legislation, and how she felt assumptions had been made over her ability to afford a loan.
- Our Investigator reconsidered, but they didn't change their mind. They reiterated that NatWest had done enough to put things right in the circumstances, and that it wasn't unreasonable of the bank not to accept a loan application when Ms I wasn't working.
- As no agreement has been reached, the complaint has now 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.

At the outset, I'll say that I know this matter means a great deal to Ms I – and I thank her for taking the time to set out her position in detail. I know too that Ms I has been dealing with several other priorities, and there's no question she's been through a difficult time. I'm sorry to read of what she's experienced and, above all else, I do hope circumstances have improved.

It's also important for me to explain that while I have read and considered everything Ms I – and NatWest – has said and provided here, I haven't addressed the matter in the same level of detail. I've not commented on every point. Instead, I've been deliberately concise. Our Service is designed to resolve disputes informally, so my succinct approach here isn't intended as a discourtesy; it's simply to align with that purpose.

Turning to the merits of Ms I's complaint, I agree that NatWest got something wrong here; that said, much like our Investigator, I think the bank has done enough to put things right. So, I'm not going to require it to do anything further. That'll disappoint Ms I, and I'm sorry for that, but overall, I'm satisfied that NatWest has taken the appropriate action to correct its mistakes.

To explain, I surely think it right that NatWest remove the two hard searches it recorded on Ms I's credit file; Ms I's loan application(s) never progressed in full and was ultimately hampered by a technical error with NatWest's system. So, it's only right, in my view, that no hard search is recorded if the loan application(s) never advanced to a formal lending decision. The bank has taken the necessary steps to correct Ms I's credit file, just as it should, and it's also paid her some compensation for the inconvenience caused. In the circumstances, I think that's a fair and reasonable way to put things right.

A significant element of this dispute, I think, is the impact Ms I says NatWest's errors have had. Of course, it's understandable that Ms I's perception is such that the bank caused other lenders to offer her credit at higher rates. That said, to make such a finding – that NatWest's actions are the sole cause of other lenders offering higher rates to Ms I – I'd need direct evidence, and the truth is that there are many factors which can influence and affect lender's actions. In the absence of anything to categorically demonstrate how other lenders took the information NatWest applied to Ms I's credit file and, in turn, increased the rate they were willing to offer her, I can't fairly hold the bank responsible.

I know Ms I was unhappy that NatWest said it wouldn't provide her a loan during the time she wasn't working; and I accept that she's a high earner who could/can demonstrate her income in the months prior and after her period of leave. Regardless though, high earner or not, at the time she wanted to apply for a loan the fact is that Ms I wasn't working or in receipt of an income. NatWest has explained how that means any application would've been declined, and that isn't inherently unreasonable.

It's worth noting here that if Ms I's application(s) hadn't encountered technical problems and progressed at the time, given she wasn't working at that time, it's practically certain that it would've been declined based on what NatWest has said about its lending criteria. That, in turn, would've led to a legitimate hard search detailed on her credit file.

Ms I has made reference to her Protective Registration ("PR") with "CIFAS" (Credit Industry Fraud Avoidance System), and how this should've prevented NatWest recording what it did

on her credit file. In short, the purpose of PR is to ensure the genuine individual is the person applying for a product. CIFAS' own information explains how a customer's PR tells any organisation that uses CIFAS data to pay special attention when that customer applies for products or services; essentially, prompting additional scrutiny to prevent further fraud.

Based on my understanding of how a PR works, it wouldn't necessarily prevent searches being carried out and/or recorded on a credit file. Indeed, NatWest has explained that in this scenario – where Ms I had applied via the mobile app – her identity would've already been verified using biometrics or online banking details. So, because of that, it would be satisfied that it was truly Ms I who was applying for the loan. That seems a reasonable and plausible explanation to me but, in any event, even if I'm wrong about that, I know Ms I has already been in touch with the Information Commissioner's Office ("ICO") who would be the most appropriate body to investigate further.

Finally, I'll touch on the "pre-approved" nature of the loan Ms I applied for. I entirely accept how such a phrase would create a level of expectation within a potential customer that they *will* be provided with credit; but that isn't always the outcome. In my experience, "pre-approved" doesn't mean "guaranteed", and credit applications are generally subject to further checks given lenders have several legal and regulatory obligations to meet. In any case, and generally speaking here, I don't think it's at all irrational for lending decisions to be subject to additional checks before approval; a customer's circumstances may well have changed between the point at which any marketing material was sent and a subsequent application.

In closing then, I know what I've set out here won't be the answer Ms I is hoping to receive – and I understand why this matter means a great deal to her. It's for the reasons I've explained, though, that I don't require NatWest to take any further action. I think the bank has rightly acknowledged something went wrong, and it's taken the appropriate steps to put that right. So, it follows that I don't uphold Ms I's complaint.

My final decision

My final decision is that I don't uphold Ms I's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms I to accept or reject my decision before 21 May 2026.

Simon Louth
Ombudsman