

## **complaint**

Mr and Mrs S have two complaints about National Westminster Bank Plc:

- that it unreasonably required them to speak to it during normal working hours, which led to Mrs S losing her job; and
- that repayments on an unsecured loan made to them in 2008 were unaffordable.

They want half of the outstanding loan balance written off by the bank.

## **background**

Mr and Mrs S had banked with National Westminster for many years. In 2008 they asked the bank for a loan to help clear some of their existing debts, including their credit card. The bank was not prepared to provide this as a further mortgage on their house, as Mr and Mrs S wanted, but instead offered an unsecured loan over seven years.

Mr and Mrs S subsequently had financial difficulties and struggled to meet the loan repayments. In 2011 Mrs S says that she lost a temporary job because the bank insisted on her speaking on the telephone to it about the loan during working hours.

Our adjudicator did not recommend that either part of the complaint should be upheld. He concluded, in summary, that it was fair and reasonable for National Westminster to have wanted to talk to Mrs S on the telephone about the difficulties being had in meeting the loan repayments, and that the bank could not be held responsible for Mrs S losing her temporary job. He also concluded that the bank was entitled to decide the basis upon which it was prepared to lend Mr and Mrs S money to help re-structure their existing debts. He was satisfied that such a restructure would reduce their regular repayment commitments, and that the bank considered whether the new repayments were affordable. He did not consider the bank to be under an obligation to ensure that they could continue to meet those repayments by not taking out further debt elsewhere.

Mr and Mrs S do not accept the adjudicator's conclusions. In summary, they continue to say that the bank was irresponsible in providing them with a seven-year loan in 2008 which they could not afford to repay, and that it was unreasonable for it to insist on talking with Mrs S on the telephone during working hours.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have reached the same conclusions as the adjudicator, for broadly the same reasons.

It is reasonable for a bank to want to talk to a customer when there are difficulties in meeting loan repayments. It was unfortunate that her temporary employer objected to this and decided not to continue her contract, but this was not a foreseeable consequence of the bank wanting to talk to Mrs S. I do not consider it fair and reasonable to regard the bank as responsible for her job loss.

A bank is entitled to make a commercial decision in considering what loan product it is prepared to offer a customer. At the time Mr and Mrs S asked National Westminster for a loan to help clear their existing debts, it was not prepared to offer a further mortgage but

instead offered a shorter loan, with higher monthly repayments. Mr and Mrs S could have decided that the repayments were too high and not accepted the loan at that time if they wished. However, they did accept the loan offered, and it was only later that they struggled to meet the repayments.

Based on the information provided to the bank at the time, I am satisfied that the bank did give appropriate consideration to the affordability of the proposed repayments. The loan was to clear other debts, and the monthly repayment on the loan was lower than the combined existing debt repayments. I do not consider it reasonable to expect the bank to have prevented Mr and Mrs S subsequently taking out further debt elsewhere – that was a decision that only they could make. I therefore find that National Westminster was not irresponsible in agreeing the loan in 2008, and that I cannot require it to write off part of that debt.

**my final decision**

My decision is that I do not uphold this complaint.

Malcolm Rogers  
**ombudsman**