

complaint

Mr L complains that National Westminster Bank Plc acted irresponsibly when it granted him successive loans and that it has acted unfairly.

background

Mr L took out six loans with National Westminster in a three year period – the last three of which were taken out in quick succession in a five month period. The loans were for increasing amounts of money and consolidated Mr L's liabilities. But two further requests by him for loans were declined by the bank. Mr L considers that the bank has been irresponsible in providing the loans to him and that it has not treated him fairly. He would like the interest on the last loan refunded.

Our adjudicator did not recommend that the complaint should be upheld. In summary he considered that:

- The loans had consolidated Mr L's debts.
- In agreeing them, National Westminster had checked Mr L's credit score and financial position. Prior to the last loan being agreed there was no evidence to put the bank on notice that Mr L was experiencing any financial hardship, such as missed payments.
- When Mr L applied for further loans the bank declined his applications as it was aware he had taken out a mortgage - its repayments would have impacted on his ability to repay the loan and affected his available income.
- Mr L seemed to have been a willing borrower and it was reasonable to suggest he was aware of his obligations under the loan agreements.
- National Westminster had not acted inappropriately in granting the loans.
- When the bank became aware of Mr L's financial difficulties, after he consulted a debt counselling charity, National Westminster had referred the debt to its collections department and interest and charges had been suspended. The bank had acted positively and sympathetically to his financial difficulties and had an ongoing obligation to continue to do so.

Mr L does not agree and has asked for an ombudsman review. In summary, he says National Westminster should have stopped him from borrowing as much as he did and it is the bank's fault he got into so much debt. It should have acted sooner to prevent him borrowing and his personal circumstances were such that he did not understand his obligations when borrowing. He does not consider that the mortgage repayments are relevant and the market crash should have been considered. He does not consider that the loans were affordable at the time.

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 agree with the conclusions reached by our adjudicator for broadly the reasons given.

A bank is entitled to decide for itself whether it wishes to deal with a customer and lend the customer money. In this case National Westminster made a risk based decision to provide a number of consolidation loans to Mr L in a relatively short period of time. In doing so it made a risk based decision to lend him money based on his credit score and financial position, as it was entitled to do. While Mr L may now disagree with the bank's reasoning and decisions, these are matters of the bank exercising its commercial judgement, in which we would not normally interfere.

Furthermore, I am satisfied that the bank exercised its discretion reasonably. The consolidation loans improved Mr L's financial position. The bank also considered their affordability and I am satisfied that it was not, or should have been, on notice that Mr L was experiencing financial hardship when the loans were agreed. It was only when Mr L took out a mortgage with another business that it appears his financial position worsened and he began to experience financial difficulty. At that point I consider National Westminster acted appropriately in declining his further loan applications and, when it was contacted by a debt counselling charity, it passed the debt to collections and suspended interest and charges.

I am also not persuaded that Mr L's personal circumstances were such that he was not a willing borrower or that he did not understand the obligations he was taking on as he suggests.

The bank did make an error as to the status of Mr L's account as it was in a debt management plan, but it has apologised and I do not consider this warrants any award of compensation.

Overall I do not consider that National Westminster acted irresponsibly in granting the loans as Mr L suggests, that they were unaffordable or that it is the bank's fault he got into so much debt. I also consider that, when it became aware of his financial difficulty, it acted appropriately, positively and sympathetically.

Consequently, although I recognise Mr L's strength of feeling, I see no compelling reason to change the proposed outcome in this case.

my final decision

My final decision is that I do not uphold this complaint.

Stephen Cooper
ombudsman