

complaint

Mr M complains that Nationwide Building Society refused him a loan even though it had told him he'd be able to borrow more money.

background

Mr M took out a loan with Nationwide in September 2015. Shortly afterwards, he decided that he wanted to borrow more money. But Nationwide's policy was not to offer further lending for 40 days after a loan is made. Nationwide offered Mr M £50 to apologise for the fact that it made an appointment for him to discuss a further loan before the 40 days were up.

Once the 40 days had passed, Mr M visited a branch of Nationwide to apply for a further loan. But his application was declined. He says that when he took out the original loan, he was told that he was eligible to borrow much more – almost three times as much as he'd actually borrowed. He decided not to do so at the time, but quickly decided he'd like to go ahead and borrow more. He'd made plans for the further money he wanted to borrow, and had started to spend it.

Nationwide has provided a statement from the adviser who Mr M saw. He says that at no point did he indicate that Mr M would definitely be accepted for a further loan. He says that when Mr M met him to apply for the further loan, he warned Mr M that his application might not succeed. And he suggested that he check his credit records before applying. But Mr M decided to go ahead with the application anyway. The adviser says that after the application was turned down, he noticed that since he had taken out the loan, direct debit payments had been returned on Mr M's account, as he'd been using an unauthorised overdraft. And he explained to Mr M that that might be why the application was unsuccessful.

Our adjudicator didn't recommend that the complaint should be upheld. She said, in summary, that Nationwide was under no obligation to lend further money to Mr M. And she didn't think it had promised to do so. She thought it likely that Mr M knew that the loan wasn't guaranteed until the application was complete. She noted that Mr M was experiencing financial difficulties and provided him with details of organisations he could contact for help.

Mr M remains unhappy. He stresses that when he took the original loan, Nationwide guaranteed that he'd be able to borrow more.

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 done so, I've reached the same conclusion as the adjudicator, for similar reasons.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here) I reach my decision on the balance of probabilities – that is what I consider is most likely to have happened, given the evidence that is available and the wider circumstances.

It may be that when Mr M took out the original loan he was told that he could borrow more. But by the time he applied for the further loan, his financial circumstances had changed, and items had been returned unpaid on his current account. I acknowledge that Mr M says that this was because he'd spent money in confidence that a further loan would be made. But I'm

not convinced that he was told that a further loan would be guaranteed. Banks and building societies are entitled to make commercial judgments about whether, and on what terms, to lend. Lending policies can change at any time. So even if Mr M's financial circumstances hadn't changed, I think it highly unlikely that he'd have been told he could definitely borrow more in the future.

I realise that Mr M made two visits to the branch to try to borrow more money before the 40 days were up. And I can see that this would have been inconvenient. But I'm satisfied that Mr M was told about the 40-day timeframe on the first of those visits. And I consider the £50 that Nationwide has offered him to be reasonable to reflect the inconvenience he experienced.

I'm sorry to disappoint Mr M. I have sympathy for his position. But I don't find that I can fairly hold Nationwide responsible for the fact that he spent money in anticipation of a second loan being made. So I can't reasonably require it to increase its offer of compensation. If Mr M would like to accept the £50 that Nationwide offered him, he should contact it directly.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 April 2016.

Juliet Collins
ombudsman