

## **complaint**

Mr B complains that he was mis-sold a personal loan, overdraft facility and home insurance by National Westminster Bank Plc ('NatWest').

## **background**

In May 2014 Mr B applied for a personal loan through a NatWest branch. Mr B wanted to consolidate an existing NatWest personal loan and three credit cards (one with NatWest, two with other providers).

Mr B provided details of his existing debts to the branch, who calculated that he needed a loan of £13,850 to repay his debts. Mr B signed the loan agreement and the money was drawn down straight away. The same day, an overdraft facility of £500 was approved against Mr B's current account.

The balances of the loan and the three credit cards were paid straight away; less one payment on the NatWest credit card, which Mr B said was going to be refunded by the retailer in question.

The next day, Mr B returned to the branch as he realised that the loan he had taken out wouldn't be enough to clear his debts *and* pay for the hire of a hall for his upcoming wedding. It was during this meeting that Mr B took out a NatWest home insurance policy.

Mr B subsequently complained to NatWest about the sale of the loan, the overdraft and the insurance policy. In summary, Mr B said that:

- To repay all his debts and cover the £2,000 cost of his wedding hall hire, he had needed a loan of £18,500. So the lower amount of £13,850 hadn't been enough. He had been left owing money to other providers, and had found it necessary to borrow money off his family; all of which he was struggling to repay. The loan had been mis-sold.
- If the personal loan had been sold correctly, it wouldn't have been necessary to take the £500 overdraft (which had gone towards the wedding hall hire). He had been trying to consolidate his debts, not extend his borrowing. The overdraft had been mis-sold.
- He lived with his parents and therefore had no need of home insurance. The home insurance policy had been mis-sold.

NatWest looked at the complaint but decided – after some discussion – that it had done nothing wrong in its handling of the loan application, the overdraft or the insurance policy. It did however credit Mr B's account with a total of £300 because of the way it dealt with the complaint.

Mr B rejected NatWest's offer and brought his complaint to the Financial Ombudsman Service. Mr B explained that the matter had caused him considerable distress and was affecting both his work and his health. Mr B said that the loan hadn't been enough to clear his debts or to pay for the intended wedding expenses, and he had found it necessary to borrow more money from his family (albeit Mr B acknowledged he had underestimated the cost of all the wedding regalia required).

Mr B also complained that he had been charged about £150 when paying a £5,000 lump sum off the personal loan some two months after it had been drawn down. Mr B – who accepted he hadn't read the loan agreement before signing it – thought that this clause, and the '14 day cooling off period' – should have been brought to his attention at the time.

The adjudicator who investigated the complaint didn't recommend that it should be upheld. From the statements provided at the point of application, she was satisfied that the loan requested was enough to repay the outstanding loan and credit card balances in full (less the amount outstanding on the NatWest credit card which Mr B said would be refunded by the retailer). It wasn't NatWest's fault that Mr B had then continued to use the credit cards once the balances had already been repaid.

Including the overdraft facility, the surplus from the loan after his debts had been repaid did leave Mr B some £800 short towards the wedding hall hire. But overall and on balance, the adjudicator concluded that Mr B had signed to accept that he wanted a loan of £13,850. And that ultimately, it was Mr B's responsibility to ensure that he had borrowed enough to cover all his wedding expenses. Mr B had subsequently borrowed considerably more than the 'additional' £5,000 required from his family.

The adjudicator considered what Mr B said about the terms and conditions of the loan but ultimately, didn't think that it made a difference. NatWest hadn't given Mr B any advice when the loan was taken out, and she was satisfied that it had provided him with sufficient information about the loan. Whilst she sympathised with Mr B's difficulties, she didn't agree that the loan or overdraft had been mis-sold.

In respect of the home insurance policy, NatWest's records showed that Mr B had wanted this because he would be moving out of his parents' house after the wedding. But whilst the adjudicator wasn't wholly persuaded the policy had been necessary, she noted that it had been cancelled before any costs had been incurred by Mr B – so she didn't think any further action needed to be taken.

Mr B disagreed with the adjudicator's findings - for much the same reasons he had already given - and asked for his complaint to be referred to an ombudsman.

### **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 listened carefully to all that both NatWest and Mr B have said, I think there has been considerable confusion as to exactly how much Mr B needed to borrow to pay for his wedding expenses; which is why the £500 overdraft was processed after the loan had already been drawn down.

But I also think it's clear that Mr B himself had underestimated the overall amount he needed to borrow, and how much he was due to receive from his employer as a bonus in the days that followed. I accept that once the debts had been paid, the surplus left was not quite enough to meet the wedding hall hire. But ultimately, I agree with the adjudicator that it was Mr B's responsibility to ensure that enough was borrowed to meet the expenses he required.

Once Mr B submitted his complaint NatWest did look into whether it could lend him the further £5,000 he wanted. It was unable to do so as contrary to its lending policy, Mr B had already taken out three personal loans with NatWest within the last 18 months.

I can see that Mr B went on to borrow this amount – and considerably more – from his family. And that Mr B has subsequently fallen into further debt through using the credit card(s). Whilst I too sympathise with the health problems Mr B says he has been caused as a result of the matter, I'm not persuaded this additional debt is NatWest's responsibility. Nor should it be required to 'write off' the £500 overdraft as requested.

I note Mr B's comments about the 'early settlement' payment he was required to make under the loan's terms and conditions, and the '14 day cooling off period'. But for the same reasons as the adjudicator, I don't think this makes a difference to the overall outcome.

NatWest has paid Mr B a total of £300 in respect of its handling of his complaint. I am sorry to disappoint Mr B but in the circumstances, I'm not persuaded NatWest should be required to pay anything more. Although I'm not persuaded the loan or overdraft was mis-sold, I do agree that the home insurance policy didn't appear to be necessary – and that NatWest's initial investigation into Mr B's complaint was poor. Overall, I think a payment of £300 is a fair reflection of the distress and inconvenience these particular matters may have caused him.

### **my final decision**

My final decision is that I do not uphold Mr B's complaint.

Katherine Wells  
**ombudsman**