

## **complaint**

Mrs M complains about National Westminster Bank Plc ("NatWest") for issuing a loan to her in early 2016.

She says that she was struggling financially at the time and that NatWest encouraged her to take a loan which she could not realistically afford. She wants the loan to be marked as unrecoverable or written off.

## **background**

I set out the background to this complaint in a provisional decision, issued in April 2019.

In that provisional decision, I set out my view that, based on the totality of the evidence available, it appeared that NatWest offered a significant amount of 'new' lending to Mrs M, without properly analysing the appropriateness of the loan, or the affordability of the loan going forward.

I explained that I thought that NatWest should not be entitled to any interest on the loan and should refund any interest to the loan balance. I also felt that NatWest should pay Mrs M £300 compensation for her distress.

I gave both parties an opportunity to submit further comments before I proceeded to a final decision.

Both parties have responded to that provisional view.

Mrs C did not agree with my provisional view. She said that she felt the loan was wrong and should be written off completely. She said that she advised the member of staff at NatWest that her income was soon going to reduce as her children were getting older and would no longer be in receipt of child benefit and child maintenance payments.

Mrs C also felt that £300 compensation was derisory.

NatWest also responded to my view. It disputed that Mrs M was struggling before taking on the loan and pointed to the fact that she only exceeded her overdraft by a small amount. NatWest said that it did not include details of debts to be repaid in its assessment but it assumed that Mrs M's monthly repayments would be lower than her payments servicing her debt before the loan. This is because Mrs M took the loan so NatWest inferred that she was happy with the loan terms.

I have therefore considered whether the parties' submissions affect my provisional view.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I note Mrs M's comments that she advised NatWest that her income would reduce in the near future. This is not recorded in the documents provided by NatWest, but in my provisional view I set out that I would have expected to see greater analysis of the appropriateness of a loan which added a large amount of new debt to Mrs M's debt. I think

such an assessment should have included a discussion about whether Mrs M anticipated any change in circumstances over the duration of the 7 year loan. If the assessment had discussed changes to her income I accept that a reduction in payments for her children would have been relevant.

NatWest disputes my assessment that the loan released a large sum of 'new' lending to Mrs M and infers that she had similar levels of debt in place at the time, which were to be replaced with the loan. As the debts to be consolidated were not recorded by NatWest I cannot see further evidence of Mrs M's financial position at the time she was sold the loan. Mrs M provided her credit report which detailed her debts at the time and so I used that as a basis for my view. In the absence of evidence of debts which NatWest took into account, I do not change my view on this.

Overall, the evidence provided by NatWest does not allow a full picture of Mrs M's finances at the time of the loan to be considered. I do not, therefore, see that NatWest could have fully considered the affordability and suitability of the loan, at the time based on that information.

Finally, Mrs M considers that the whole loan debt should be written off and a greater level of compensation should be paid. I do not agree with this. Mrs M received the benefit of the loan and was able to use this to repay debts, or otherwise improve her position, if she chose to. I do think more should have been done to discuss her position with her, but this does not negate the fact that she received more than £23,000 from NatWest, knowing that she would have to repay it. I appreciate that she does not feel that £300 is sufficient compensation but I am satisfied that this is in line with awards we have made in similar circumstances.

My view therefore remains as set out in my provisional decision and as a result I adopt the reasoning from that decision as my final decision.

### **my final decision**

For the reasons set out above, in addition to the reasons set out in my provisional decision, I uphold Mrs M's complaint.

I direct National Westminster Bank Plc to remove all interest from the loan, and to update credit reference agencies with the revised debt.

I also direct National Westminster Bank to pay to Mrs M £300 compensation for her distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 12 August 2019.

Laura Garvin-Smith  
**ombudsman**