

complaint

Mr M has complained National Westminster Bank Plc is pursuing him for three or more personal loans and an overdraft on his account which he never authorised.

background

In late 2018 Mr M contacted NatWest to complain. He noticed three personal loans being paid from his account with them. He'd not taken out these loans nor had he authorised the overdraft to stand at £3,500 which it'd done since November 2017.

NatWest believed all the evidence showed Mr M had taken out these loans himself. There was no evidence to show his account had been compromised in other ways.

Mr M brought his complaint to the ombudsman service. This had been an account he'd used when he was a student but he'd not used this fully since around 2010. During the time our investigator considered his case, Mr M told us about a number of other transactions he was concerned about on the account. He, however, confirmed all the payments made to his brother-in-law (who I'll call K) had been authorised. He also confirmed he'd been using the debit card for cash machine withdrawals and that's how he kept aware of what was roughly in the account on a regular basis.

Our investigator got hold of detailed information from NatWest. This included:

- telephone numbers recorded on the account;
- confirmation statements were sent monthly to Mr M's home address;
- registrations of Mr M's account for mobile banking;
- IP addresses for log-ins on the account;
- Details of applications for five personal loans taken out in March, April and December 2017; and February and August 2018;
- Changes to the overdraft on the account in September 2006, December 2007 and November 2017; and
- Statements for the account from January 2017 to June 2019.

He believed the evidence showed it was most likely Mr M had made the loan applications and had increased the overdraft on this account. These loans permitted numerous transfers to K which Mr M didn't dispute in general (but he questioned some of the details). Although Mr M had said he'd never set up online banking, the evidence showed otherwise.

Mr M disagreed with this outcome. He's asked an ombudsman to consider his complaint.

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 our investigator and for roughly similar reasons. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

I'm not going to cover all the points raised by Mr M. No discourtesy is intended by me doing this. Instead, I've focussed on what I think are the key matters here and which impact the decision I'm making. This simply reflects the informal nature of our service as a free alternative to the courts. I've also reviewed the views that our investigator provided on 6 and 20 November 2020. The first of these included a detailed rundown of various transactions.

Mr M has been adamant that he's not taken out personal loans on this account, nor does he use online banking. He's also told us he's not received any statements for this account for many years. He has confirmed he was regularly using his debit card (and that's backed up by his bank statements) and generally checked the balance on his account or got hold of a mini statement when taking cash out of a cash machine.

I can see monthly credits being made into the account. I believe these are salary payments. Mr M has said these were his bonus payments from his employer. Child benefit payments are also credited on a weekly basis.

The facts show five personal loans being taken out with NatWest. The first two loans – taken out in March and April 2017 – were being repaid on a monthly basis and I believe came to an end after 12 months fully repaid.

I can see from Mr M's statements that after taking out further loans, payments were made to K. So for example, the first of the further three loans was taken out in December 2017. £5,000 credited his account on 13 December. Two payments of £2,500 were then made to K on 14 December.

Despite Mr M initially wondering about all the payments made to K (which amount to more than £25,000 over almost three years), he has subsequently confirmed he doesn't dispute these.

I have to point out it would have on occasion been impossible for Mr M to have made these payments without the loans being taken out and crediting his account. So I'd have to wonder how Mr M thought he was making these payments.

I accept Mr M has told us he doesn't use online (or electronic) banking. However the evidence provided by NatWest tells us another story.

NatWest has confirmed online banking was set up more than seven years previous. And they've also shown what codes and information would have been sent to Mr M to allow him to use this service. Practically all the payments to K were made using online banking. I know Mr M believed there were monthly standing orders to K of £1,300. It's true that for some months in 2018 payments are generally made around the latter days of the month or first days of the following month to K. Sometimes – like 27 February 2018 – there were two payments for £600 and £700.

No formal standing order was set up. But I don't think Mr M's confusion around this aspect is really relevant to the complaint. Lots of people don't appreciate any difference between standing order payments, regular payments or online (or even electronic) banking payments.

This isn't helped in this case as the narrative on Mr M's statement seems to imply payments were made by telephone. But this wasn't the case.

The key aspect for me is that payments of various amounts – and sometimes the same – were made to K throughout the period of this dispute. They were made using online banking which NatWest's evidence shows Mr M most likely set up. Mr M doesn't dispute these payments.

On occasion if Mr M had to send money to K, there would have been insufficient funds in his account. I believe that's why he took out the loans. I don't see how these loans could have been taken out by anybody else when there's nothing to show a third party had access to Mr M's account. It would not make sense for a third party to take out loans in Mr M's name if there was no way of accessing the money.

The increase of Mr M's overdraft to £3,500 in November 2017 coincided I believe with mobile banking being set up. I can see details for this were set up on Mr M's mobile phone number.

Mr M did dispute two payments made to a debt recovery company in March 2017. These were made using his card details. I suspect these were payments for an outstanding loan or other financial agreement which more than likely wasn't in the name of the company who Mr M paid. This would explain why he was confused at the name of the company on his statement narrative. Overall though I think it's more than likely Mr M authorised these payments.

Having reviewed all the issues, I believe Mr M did apply for the loans and increase to his overdraft. He will now have to come to arrangements with NatWest to repay what is owed.

my final decision

For the reasons I've given, my final decision is not to uphold Mr M's complaint with National Westminster Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 April 2021.

Sandra Quinn
ombudsman