

complaint

Mr K says National Westminster Bank Plc lent to him irresponsibly when he was a vulnerable adult student with a gambling addiction.

background

The lending took place under the bank's 'professional trainee loan' scheme. This scheme was 'aimed at helping full time students meet their study costs and living expenses when completing their professional qualifications'. The students were typically those studying for professional qualifications (doctors, lawyers etc).

Mr K was studying for a professional qualification, which he went on to achieve and he is now practising in his chosen profession. He is also apparently repaying the loan in accordance with its terms, so the loan is not obviously unaffordable. But he says he had no need of help with his study costs or living expenses. He says the member of the bank's staff who sold him the loans knew this and encouraged him to spend the borrowed money on investments and stock market speculation. He says other students whom he knew were enticed into a similar situation via the same staff member. He says it was too easy to borrow more and more money. He suggests the loans were sold to achieve bank sales targets.

Our adjudicator did not think the bank had acted wrongly. She noted the bank's lending criteria were based on future earning potential and that, as a fact, the loan had not proved to be unaffordable. She noted Mr K was an adult when the lending took place and the bank had no reason to know of his gambling addiction. In any case, the money spent on stocks and shares was not excessive. She also thought it was very much Mr K's decision what he spent the borrowed money on.

Mr K disagreed and asked for this review of his complaint by an ombudsman. He reiterated that he was a vulnerable adult with a gambling addiction and he had been unjustly exploited.

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 find myself in full agreement with the adjudicator's conclusions and there is little I wish to add.

There is no doubt Mr K feels very strongly. Those feelings are real and I have no wish to minimise what Mr K has described. But I do not think the bank should reasonably have known Mr K had a gambling addiction or that he was vulnerable – by which I take him to mean something different from a normally responsible adult. As it happens, I do not think the evidence of what Mr K spent the borrowed money on points to an addiction, or at least not in the way most people understand the term.

Mr K may regret that he borrowed what he did borrow. And that borrowing may restrict how much he can borrow now. But that does not mean the bank lent to him irresponsibly in the first place.

I also agree with the adjudicator that it was Mr K's responsibility to decide what he spent the borrowed money on. But he has clearly had the benefit of that money, and so he should in fairness pay it back.

Mr K has queried if the staff member in question should have been regulated to give investment advice. The answer is only if he was giving advice and making recommendations to invest in *specific* investments.

my final decision

I am sorry to disappoint Mr K but I do not think the bank has acted wrongly in this case.

Roger Yeomans
ombudsman