

complaint

Mr B has complained as the director of a limited company, which I shall refer to as “Y”, about the actions of National Westminster Bank Plc (“the bank”).

In particular, Y is unhappy that:-

- The bank charged it for a security review.
- Excessive interest and charges were applied to its accounts.
- The bank refused to re-finance Y’s existing borrowing and sought the sale of a property, despite the debt being around 30% of the property’s value.
- Y wasn’t given the funds it was promised.
- Money was taken out of Y’s account without prior notification.

background

Y has held a number of accounts with the bank, including several loans and an overdraft facility. Previously, the bank had provided more time for Y to repay its debts when it had been unable to do so by the agreed date.

In March 2013 Mr B told the bank that Y wouldn’t be able to repay a debt that was due the following month. As a result the bank transferred Y’s accounts to a specialist department known as GRG.

The bank wrote to Y on 20 March 2013, and explained what would be happening in relation to the transfer. This letter also outlined the concerns that it had about Y’s position, which included a lack of sales, and that it was concerned that the value of the security provided by Y had fallen below the level of the outstanding debt.

After the transfer took place the bank decided to review the security that Y had provided, and it passed the costs of this review on to Y.

In April 2013 the bank sent several default notices to Y, covering the various loans it held at the time. These letters explained the bank’s position and informed the directors of Y that interest would be charged at the bank’s default rate.

As part of an email exchange between Mr B and the bank in January 2014, Mr B raised a complaint about the way Y had been treated.

One of our adjudicators considered the complaint, and didn’t recommend that it should be upheld. In particular, she said:-

- The bank had treated Y fairly by giving it more time to repay its debts.
- The bank is allowed to review the security provided and it made Y aware of what it was going to do, also explaining what fees would be applied.
- The bank didn’t have to agree with Y’s proposals regarding the sale or re-finance of the debts as these were commercial considerations.

Mr B didn’t agree, and the complaint was referred to an ombudsman.

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 agree with the view formed by our adjudicator and for much the same reasons.

Y wasn't able to repay the debts it owed to the bank by the time it promised to do so. In light of this, I don't think it was unreasonable for the bank to treat the debts as being in default, and I don't think it was wrong to take steps to allow it to recover the money it was owed.

Although Mr B has said the security Y had provided to the bank exceeded the amount borrowed by a considerable amount, the bank wanted to be sure that this was the case. I've seen that it clearly informed Mr B about the steps it intended to take before it proceeded with the review that incurred the costs payable by Y, and I don't think the bank did anything wrong here.

Although not mentioned in the original complaint, I note that Mr B now also argues that if the bank had provided further lending Y wouldn't have got into the difficulties it did.

Of course, it's difficult for me to speculate about what might have happened had the bank made a different decision on whether to provide the development loan in 2008, but on the current evidence I'm not persuaded that even had more money been made available that I could safely say that this would have led to Y being in a position to repay all its debts.

For these reasons, I don't think the bank has done anything wrong in its treatment of Y, and I'm unable to uphold the complaint.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Y to accept or reject my decision before 25 March 2015.

Ashley L B More
ombudsman