

complaint

Mr D made a loan application with National Westminster Bank Plc. The online application was approved at an interest rate of 4.9% but he later discovered the bank had increased the rate when he had to complete another application in his local branch.

background

I set out the background to this complaint in my provisional decision. In it I explained why I intended to uphold this complaint.

I asked the parties to respond to my provisional decision if they wished to do so. The bank said it agreed with it. Mr D replied with a summary of his complaint.

my findings

I've considered again all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Because some of the evidence is incomplete and contradictory I've reached my decision on what I think is most likely to have happened based on the available evidence and the wider circumstances.

The day after he made his online application Mr D took proof of his income into his local branch and completed another application form. I can see the application form signed in branch by Mr D had the higher rate of interest on it but he says he didn't realise the interest rate had increased from the online rate. When his wife spotted this, he immediately phoned the bank and complained. He believed this had been resolved but when a few days later he realised it hadn't he phoned again. NatWest has accepted he may have been misled into thinking his complaint had been resolved in his favour when he spoke to the bank the second time.

I can't be sure what was said to Mr D during those phone calls as they can't be retrieved and NatWest can't give me a reasonable explanation for not finding them. But on balance it seems to me that Mr D phoned the bank as soon as he realised he was being charged the higher rate. He phoned again when he knew this had not been resolved. The bank accepts he could have been misled into thinking his complaint had been upheld. It offered him £100 for the distress and inconvenience this caused.

If the bank hadn't misled him Mr D would've still been inside the 14 day cancellation period. He says he would've cancelled the loan if he'd realised he was still being charged the higher rate. I can't make the bank charge him a lower rate of interest but I can require it to allow Mr D to cancel the loan now and return the capital less the repayments already made if he hasn't already used the money.

my final decision

My decision is that I uphold this complaint.

In full and final settlement I require National Westminster Bank Plc to:

- allow Mr D to cancel the loan and return the capital less the repayments already made if he still wishes to do so and

- pay Mr D £100 for the trouble and upset it's caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 8 February 2016.

Linda Freestone
ombudsman