

complaint

Mr K complains of delay by National Westminster Bank Plc ("Natwest") in processing an application for a personal loan to consolidate the company overdraft facility he had guaranteed. He claims that the delay caused the original debt to increase by the addition of interest and charges. The outstanding debt was eventually referred to 'Recoveries' which led Mr K to believe that Natwest regarded and treated him as a bad debtor.

background

The background to the complaint is set out in the adjudicator's letter of August 2012. The adjudicator was unable to recommend that the complaint should be upheld. She did not agree that there had been any delay on the part of Natwest in dealing with the 2010 loan application and the second application in 2011 had been dealt processed within a matter of days.

The adjudicator concluded that Natwest was entitled to rely on the information on Mr K's credit file even if he considered it inaccurate. There was a procedure available to Mr K to have his concerns about the accuracy of that information noted on the file.

Once Natwest became aware that the company was being wound up the accounts were transferred to Recoveries as part of its usual debt recovery process. This was not a reflection of Natwest's assessment of Mr K.

The adjudicator acknowledged that Mr K had made ad hoc payments to reduce the outstanding debt which carried interest until repaid in full. She was satisfied that the charges had been applied to the accounts in accordance with the relevant terms and conditions and pointed out that, on transfer to Recoveries, no further charges would be applied to those accounts. The adjudicator was therefore unable to find in favour of Mr K.

Mr K was unhappy with the adjudicator's conclusions. He said:

- There was no commercial judgement involved in giving him the loan as the company had closed down and Natwest was relying on him to repay the debt. He did not refuse to complete the forms, he just thought it was a waste of time.
- The adjudicator had not commented on the bank changing its mind about the loan. This delay in commencement resulted in an escalation of the debt. Natwest had told him it would take two months to set up the loan, but it had taken between 12 and 18 months.
- The adjudicator obviously had no experience of how badly Experian was run as she had suggested explanatory statements be attached to his credit files.
- An account only goes to Recoveries when someone refuses to pay. Had Natwest opened the loan account on day one the debt would have been repaid by now.
- There were no returned items and he disputed writing cheques when there were insufficient funds in the account to cover them.

- The information Natwest had given about the repayments he had made to the account was incorrect. There were two payments of £250 each and then monthly payments of £150.
- Since making the complaint he had entered into an IVA with his creditors, which Natwest had accepted in 2012.

Natwest said:

- It was Natwest's decision whether or not to provide loan facilities so it was necessary for Mr K to meet Natwest's criteria for a personal loan. He initially refused to provide the information Natwest wanted and when he did so Natwest was unable to approve the loan.
- Mr K appeared not to distinguish between money owed to Natwest in his personal capacity and as guarantor for the company.
- Once the account had been transferred to Recoveries Natwest would expect the customer to agree a formal repayment plan with credits being made on a regular basis.
- When responding to this Service in early 2012 there was no formal repayment plan in place. Mr K had made payments to the account in five months of 2012 being two payments of £250 and three payments of £150.
- Natwest had been informed in the second quarter of 2012 that Mr K had entered into an IVA.

my findings

I have considered all the available evidence and arguments from the outset, in order to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have reached broadly the same conclusions as the adjudicator

As the adjudicator has explained, lending decisions are matters for the commercial judgement of a bank. That was the case here even though Mr K considers that there was no decision to make. He wanted to close down his company and to facilitate that he wanted to repay the debt to Natwest for which he needed a personal loan from Natwest.

Natwest wanted to assess that loan application in accordance with its usual lending criteria. Mr K accepts that he did not co-operate with Natwest in its request for information. He later provided the information but Natwest was unable to offer him a loan.

Mr K maintains that Natwest prevaricated between agreeing to provide the loan and then refusing. I have found no evidence to indicate that Mr K was told that Natwest would provide a loan. The 25 October 2010 email to which he specifically refers actually relates to the transfer of the accounts to Collections. It is clear that Mr K was told promptly in February 2011 that that loan application had been declined.

Once Natwest became aware that the company had been dissolved the company accounts were transferred to Recoveries. I appreciate Mr K was concerned about this but it was part

of Natwest's standard debt recovery procedure, not just a process that was utilised when someone refused to pay.

Thereafter Mr K made some repayments to reduce the debt but not on a regular basis and these had not been agreed in advance with Natwest. Natwest acknowledges that at the time it provided its evidence to us Mr K had made two payments of £250 and three of £150 in reduction of the debt. Natwest has also acknowledged that it was informed in 2012 that Mr K had entered into an IVA with his creditors.

The adjudicator did not suggest that Mr K had written cheques when there were insufficient funds in the account to cover them. She pointed out that returned items charges had been applied to the account. Natwest has told us that unpaid item fees were charged in February and September 2010 and while the first fee was refunded in March it appears that that charged in September was not¹.

Finally while I note Mr K's comments regarding the difficulty in getting clarifying statements added to a credit file, that it is perhaps something more usefully taken up elsewhere as Mr K has in fact done with his MP.

I do not consider that Natwest has been at fault in this case so there is no basis on which I can require it to make any payment to Mr K.

my decision

My decision is that I do not uphold this complaint.

Roger Yeomans
ombudsman

¹ I do of course expect the bank to refund this too if it was wrongly charged.