complaint

Mr T complains that National Westminster Bank Plc ("NatWest") mislaid his loan application and charged him a higher interest rate when he re-applied.

background

On 13 February 2015, Mr T applied for a £7,000 loan online and was offered an interest rate of 11.7%. However, he says when he went into a branch the next day to sign the paperwork, NatWest couldn't find the application. As a result, Mr T says he went home and re-applied, albeit for the higher amount of £8,000. He then says that later the same day he went back to the branch to sign the paperwork for the new application. By that time NatWest had located his original application, but cancelled it due to the new one. Mr T says he only discovered the new loan was at an interest rate of 18.5% when he received the paperwork at home the following week. He says he wrote to NatWest on 21 February to ask it to reduce the rate to 11.7%, or cancel the new loan and reinstate the original application. Mr T says NatWest called him and told him the interest rate had increased due to his change of circumstances and offered him £50 compensation. He did not accept the offer and also wants NatWest to ensure only one loan shows on his credit file.

NatWest says it hasn't made a mistake. It says the interest rate was clear on the application form Mr T signed and it was higher because both the amount and term of the loan had changed. NatWest also said it didn't receive the 21 February letter and that Mr T's credit file would reflect the fact the first application was cancelled. It says it cannot trace a call to Mr T offering compensation.

Our adjudicator did not recommend the complaint should be upheld. He found the loan terms were clear and unambiguous and he couldn't conclude the advisor hadn't explained the new terms to Mr T.

Mr T's father, Mr T2, responded to say, in summary, that:

- Had NatWest been able to find the original application, his son would not have needed to make an additional one
- On the balance of probability, NatWest had not drawn Mr T's attention to the higher interest rate or he would not have needed to write the letter dated 21 February 2015.
- The letter of 21 February was within the 14-day cooling off period and, therefore, NatWest should have cancelled the loan as requested.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Where the evidence is incomplete or contradictory, as is the case here, I must make my decision based on the balance of probability – that is, what I consider is most likely to have happened.

It is not in dispute that Mr T originally applied for a £7,000 loan online on 13th February. NatWest has sent a copy of the application and it confirms the interest rate to be 11.7%. As Mr T needed the money quickly he went into branch the following day to sign the paperwork. Mr T says NatWest couldn't find the application so he then had to go home to re-apply and decided to increase the loan to £8,000, before coming back to the branch later to sign.

However, in his letter of 2 April 2015, Mr T says the branch suggested he increase the loan to £8,000 to cover additional costs. Either way, Mr T applied for the higher amount, but NatWest says the new loan application was keyed in branch. I have seen the loan application and I am satisfied this was the case. Indeed, the staff member has written on the application "*Customer requested additional amount*" and "*keyed as requested*". This also matches the staff member's recollection of the meeting in which he recalls inputting the new loan application because Mr T said he needed a higher amount. Therefore I cannot safely conclude that Mr T travelled home to complete the new application himself. Although, if he had he done so, he would have had an additional opportunity to see the revised interest rate.

That said, the interest rate was clear on the application form and Mr T signed it on the same page. In addition the staff member has written "*Customer was happy with new amount and rate*".

So, on the balance of probability, I consider it likely Mr T decided to increase his loan requirements on the day he went into the branch, that the new application was completed by the staff member, and that the interest rate increased due to the change in amount and repayment period. As I am satisfied this rate was clearly quoted on the signed application, and I think it more likely than not that NatWest explained the change to Mr T at the time, I cannot conclude NatWest did anything wrong.

I acknowledge Mr T2 says his son wrote to NatWest within the cooling off period and requested the cancellation of the loan, but NatWest says it did not receive it. Indeed NatWest also has no record of the further letter Mr T says he sent on 3 March 2015. As NatWest responded within a week to the letter of 21 March 2015, and all letters were sent to the same address, I think it likely NatWest would have responded to the earlier letters had it received them. That said, the letters were not requesting cancellation of the loan, but either a reduction in the interest rate, or a substitution for the original loan. As Mr T had already spent the money by the time he wrote the first letter, he would have been unable to repay the money even if NatWest had agreed to cancel the loan.

In summary, I do not find that NatWest did anything wrong during the loan application process, nor with respect to the subsequent correspondence.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 18 February 2016.

Amanda Williams
ombudsman