

The complaint

Mr U complains about a loan he has with National Westminster Bank Plc (NatWest). He feels he has paid too much towards the loan.

What happened

In 2016, Mr U took out a loan with NatWest. The loan was for £7,500 repayable over 102 months at a fixed interest rate of 10.84% per year. The monthly repayment amount is £111.78.

Mr U complains that he has repaid more to the loan than he initially borrowed. And he doesn't feel this is fair.

NatWest didn't uphold Mr U's complaint. It explained that the term of the loan was 102 months and at the time it wrote the final response, Mr U had made 87 repayments to the loan, and he had 15 repayments left to make.

An Investigator considered what both parties had said but they didn't think Mr U's complaint should be upheld. They explained that while the initial loan amount was for £7,500, this amount didn't include the interest due to be added to the loan, which was agreed at the time of taking it out. The Investigator didn't find that Mr U had paid more than he agreed to repay.

Mr U didn't agree with the Investigator. He reiterated how much he had paid towards the loan so far. He also said he'd taken out a loan with another lender that had already been repaid. And he felt like he would be repaying this loan for the rest of his life.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

What I've decided – and why

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

Having considered all of the available evidence, I've decided not to uphold Mr U's complaint. I appreciate this decision will come as a disappointment to him, however I'll explain my reasons for this below.

In reaching my findings, I haven't commented on every point of concern Mr U has raised. I don't intend to offend him by not doing so or mean any disrespect in taking this approach. This reflects the informal nature of this service. Instead, I've focussed on the key issues I think I need to consider, in deciding on whether NatWest did anything wrong.

Mr U is right in saying that he's paid more than the initial amount borrowed. But the reason for this is because the loan he took out was interest bearing. So, he would be required to pay back the initial amount borrowed of £7,500 and interest on top of this. NatWest say the loan

attracted an interest rate of 10.84% per annum which across the term of the loan would be a total of £3,901.56. So, the total amount payable for the loan is £11,401.56.

Up until the point of the final response being issued, Mr U had made 87 repayments to the loan, totalling £9,724.86. Which means that there is still a balance left to repay of £1,676.70, and this was (at the time the final response was issued) due to be repaid with 15 more repayments.

I have seen a copy of a pre-contractual agreement that was produced at the time the loan was taken out. It isn't the actual agreement for this loan, as it appears that some of the information in it is slightly different to the actual loan terms. For example, the agreement I've seen shows repayments to be £112.18 and a total interest charge of £3,942.92. But I'm satisfied the agreement is very similar to the one Mr U is likely to have been provided with. This sets out the terms of the loan, which also states that interest would be due to be repaid, and it included the total amount of interest due. The loan agreement would also likely have explained the term of the loan and how much Mr U was required to pay each month, alongside the total amount repayable including interest.

Based on all the evidence I've seen, I don't think that Mr U has paid more towards the loan than what was agreed when he took it out. So I don't find that NatWest has done anything wrong.

I note that Mr U has stated that he is likely to get into difficulties repaying the remainder of the loan. If this is the case, I suggest in the first instance that he contacts NatWest to discuss his options. And I'd expect NatWest to treat him positively and sympathetically.

My final decision

For the reasons set out above, I don't uphold Mr U's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 10 February 2024.

Sophie Wilkinson
Ombudsman