

The complaint

R, a limited company, complains about the way that National Westminster Bank Plc (NatWest) handled its accounts.

R wants NatWest to refund fees and interest and pay compensation.

Mr R, a director of R, brings this complaint on R's behalf.

What happened

R runs a farming business and had a loan with NatWest. In early 2022, the loan was due to be repaid. Mr R is unhappy that NatWest didn't contact him sooner to discuss the loan so that it could be refinanced or converted into an overdraft facility as discussed previously.

Mr R was very unhappy with the way R's relationship manager (RM) conducted himself. Mr R found him difficult to contact, rude and unhelpful.

Mr R says that because of the delay in refinancing the loan, he withdrew money from a third party earlier than intended which led to additional costs for R.

Mr R says he and his family found the whole situation very upsetting, particularly after having been a loyal customer of NatWest for several decades.

In late May 2022, NatWest apologised to Mr R for the standard of service he'd received. NatWest said that it had provided feedback to the RM concerned but didn't think he was wrong not to approve R's refinance application without the financial information requested.

NatWest said that R's new RM would be in touch about the refinancing and Mr R's offer to repay the loan with money in R's account. NatWest sent Mr R a hamper to apologise for any distress and inconvenience.

In September 2022, NatWest agreed an overdraft facility for £150,000 until June 2023, with the loan account to be repaid once the facility had been applied.

Mr R is unhappy that the overdraft facility was for 9 months rather than a year. He also thought that NatWest's fee was higher than it should have been. NatWest says that the fee for a 9 month facility is the same as for a 12 month facility. But as a gesture of goodwill, it refunded part of the fee to R.

The investigator didn't recommend that Mr R's complaint be upheld. She said that as calls with the RM were made using his mobile, there are no call recordings. Without these, the investigator couldn't know exactly what happened although she could see there had been a breakdown of the relationship between Mr R and the RM.

The investigator told Mr R that as the complainant is limited company R, she couldn't award compensation for any distress and upset that Mr R felt personally. The investigator thought NatWest's gift to Mr R was a reasonable way to apologise for any failure in service when the new RM didn't provide his details as part of the handover process.

The investigator didn't think NatWest made a mistake when it declined R's lending application in May 2022. She thought it was Mr R's responsibility to keep on top of the repayment deadline for the loan.

The investigator didn't think it was reasonable to ask NatWest to cover any additional costs incurred when Mr R withdrew money early from the third party.

The investigator didn't agree that R's previous RM guaranteed the loan would be rolled over into an overdraft. She noted that R had now been successful in its application for an overdraft. The investigator thought NatWest made it clear the facility would end in June 2023. The investigator explained that the overdraft arrangement fee is the same for a 9 month facility as a 12 month facility. The investigator noted that NatWest refunded part of the fees which she thought was more than reasonable.

The investigator thought it was R's choice to engage the services of an accountant so wouldn't ask NatWest to cover the costs.

Mr R is unhappy with the investigation outcome. He says the investigator hasn't placed enough weight on his attempts to contact the RM ahead of the expiry of the loan. Mr R says that previous relationship managers have always contacted him with enough time to discuss future arrangements.

Mr R says NatWest didn't promise that R's loan could be converted into an overdraft. His point is that NatWest didn't leave enough time to have the discussion before the loan was due to expire. Mr R provided an email from 2019 which shows his previous relationship manager contacted him a few weeks ahead of time.

Mr R says that he attempted to contact R's RM in April 2022 without success. Mr R says that if NatWest had done everything in a timely fashion, there would not have been a problem and R would not have incurred interest charges due to withdrawing funds from a third party. Mr R thinks that as NatWest is at fault, a penalty should be applied.

Mr R thinks the investigator has ignored the human element and the distress felt by individuals in R. Mr R wonders whether banks can abuse company directors without any penalty. Mr R asks why the RM concerned is referred to as an individual although they are part of NatWest when Mr R has been denied this right.

As Mr R on behalf of R is unhappy with the investigation outcome, the complaint has come to me for a decision.

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.

I'm grateful to Mr R for his clarification of R's complaint. Although I may not comment on each and every point he's raised, this doesn't mean I have not read and considered everything he's provided. Instead I have focussed on what I consider to be the key points. This is not intended as a discourtesy – it simply reflects the informal nature of this service.

I should also explain that this service doesn't supervise, regulate, or discipline the businesses that we cover. My role is not to punish or fine business for the way in which they conduct their business – that's the role of the regulator – the Financial Conduct Authority.

I'm sorry to hear about the distress Mr R and his wife have felt but as the investigator

explained, R is a limited company and so its own legal entity. This means I can't consider the upset Mr R or his wife have felt personally. I can only consider whether NatWest acted fairly and reasonably towards R.

It is clear from reading the file that Mr R and R's RM had a difference of opinion about the refinancing of R's loan. The RM says he asked Mr R for information about his personal finances and cash flow projections which he was unwilling to share. As a responsible lender, NatWest wanted to make sure R wasn't taking on debt that it couldn't afford. Particularly as the most recent available accounts showed a substantial decrease in turnover between 2019 and 2020 and a significant increase in operating loss. I don't think it was unreasonable of NatWest to request further information, even if it had previously agreed lending without requesting the same level of financial detail. Without the additional financial information, I don't think it was unreasonable of NatWest to say that it couldn't refinance R's loan in May 2022.

Mr R has commented that he doesn't understand how the RM managed to assess R's business within a matter of days before rejecting its application. The RM has said that he involved other colleagues to help with the process and turned it around quickly given the approaching repayment date. This seems reasonable and I don't think the speed of turnaround is an indication that NatWest didn't do a thorough job, particularly as Mr R hadn't provided the more detailed financial information which NatWest had requested.

Although Mr R says there wouldn't have been any problems if NatWest had contacted him sooner than it did, I don't know that this would have been the case given Mr R's reluctance to provide further financial information. In any event, Mr R was able to have conversations with NatWest before R's loan expired. So, I can't reasonably find that NatWest failed to review the situation before the loan was due to be repaid. I should also say that NatWest doesn't have a record of Mr R making contact about the loan earlier than the end of April 2022. At this time, the RM was away and got in touch with Mr R on his return. So, I'm not persuaded there was an unreasonable delay on the part of NatWest.

As R didn't meet the refinancing criteria in May 2022, I don't consider it unreasonable for NatWest to ask for the loan to be repaid. I appreciate that R withdrew money from a third party to allow it to repay the lending and that this incurred additional costs. This was R's choice to make, so I don't require NatWest to compensate R for the interest or costs applied by the third party.

I also note that R had the benefit of the £100,000 that it withdrew in May 2022 until the loan was repaid in October 2022 so R could have used or invested the money elsewhere pending the outcome of the refinancing process. This would have minimised any loss to R caused by withdrawing the cash early.

I can understand Mr R's upset and concern but as I've said, the complainant here is R, not Mr R or his wife. Overall, I'm satisfied that NatWest has done enough to put things right for R. I don't require NatWest to do anything further. I'm sorry that this is likely to disappoint Mr R.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 21 August 2023.

Gemma Bowen
Ombudsman