

## The complaint

G, a limited company, has a secured commercial loan with National Westminster Bank Plc. Its directors, Mr and Mrs G, bring this complaint on the company's behalf. They complain that NatWest hasn't treated the company fairly and it has taken an unreasonable approach towards repayment of the loan.

## What happened

In 2006 or 2007 G took out a commercial loan secured on a plot of land on which Mr and Mrs G planned to build a number of residential properties. Mr and Mrs G say that the plan was for NatWest to lend more money for the development once they had obtained planning permission, and the properties which were to be built would be sold to repay the loan.

However, G had some difficulty getting planning permission, and didn't obtain it until 2010. NatWest wasn't then prepared to lend any more money to fund the development. Mr and Mrs G say that G couldn't refinance with another lender because, following the 2008 financial crash, the land was worth much less than it had been three years earlier.

In 2015 G took out a new commercial loan with NatWest to refinance the original loan. The loan was for up to £276,458 and was to be repaid in full 12 months after drawdown, with quarterly payments of £10,000. The loan remains outstanding and no payments have been made to it since December 2019.

On 31 December 2021 NatWest issued a formal demand for payment. Since then, it says it has tried to work with G to come to an agreement for repayment of the debt, but G hasn't provided any repayment proposals. NatWest froze interest on the loan from February 2022 onwards to stop the debt increasing further, leaving a loan balance of just over £285,000.

Mr and Mrs G say they have tried to work with NatWest to agree a settlement for the loan. In December 2023 they made a complaint to NatWest, because they felt they had been unable to reach a resolution amicably. They said that the 2008 financial crash affected the value of the land G had bought and NatWest's willingness to lend G the development finance it needed, and NatWest should have done more to support G given the government bailouts it received. They said they wanted a reasonable settlement for the loan which would be fair both to G and to NatWest.

NatWest said it had dealt with G's complaint about its decision not to provide development finance many years earlier and it wouldn't review that complaint again. It also said it had done nothing wrong in seeking to recover the loan debt.

Mr and Mrs G referred the complaint to the Financial Ombudsman Service on G's behalf. Our Investigator said he could only look at the six years leading up to when the complaint was made. He didn't think NatWest had treated G unfairly during that period, so he didn't recommend that the complaint should be upheld.

Mr and Mrs G asked for an Ombudsman's review. They still considered that NatWest had treated them unfairly, because they said it hadn't fulfilled its part of their original agreement

to grant a further advance to enable them to develop the site and then repay the money G had borrowed by selling the finished properties.

The complaint was referred to me. I issued a decision confirming the scope of my jurisdiction in this case. I concluded that I can only consider G's complaint about the way NatWest has treated it since December 2017, but bearing in mind earlier events as part of all the circumstances and context for this complaint. I concluded that I can't consider G's complaint about NatWest's decision not to grant further borrowing in or about 2010.

This final decision sets out my conclusions about the part of the complaint I can consider.

### **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 done so, I find that I can't fairly uphold this complaint.

The starting point is that G borrowed money from NatWest which NatWest was entitled to expect to be repaid on the terms agreed. G has found itself in a difficult position since the land it bought fell in value and planning permission lapsed. It hasn't been able to realise its original plan to develop the land and in doing so repay the NatWest loan.

NatWest has a duty to treat G fairly, and I would expect it to consider appropriate forbearance for a borrower who is struggling to repay a debt. I think it has done that here – it has granted a number of concessions. It froze interest to stop the debt increasing further, it agreed to a face-to-face meeting as Mr and Mrs G requested, and it said it would consider a monthly payment arrangement. It hasn't yet appointed receivers or called on the personal guarantee Mr and Mrs G gave even though the loan is still outstanding many years after it expected repayment.

Mr and Mrs G have argued that NatWest should have done more to support G because of the government bailouts it received during the financial crisis. However, all of the concessions I've summarised above came at a cost to NatWest, and I don't agree with Mr and Mrs G's position that it should have done more or that it should agree now to share the losses on the sale of the land. I don't consider there is a reasonable basis on which I can fairly require it to write off a proportion of the debt. NatWest has asked Mr and Mrs G for full details of G's financial position a number of times in order that it can review what support it can offer, but that information hasn't been provided. In all the circumstances I consider that, during the period I can look at since December 2017, NatWest has treated G fairly and acted reasonably in seeking repayment of the loan.

I recognise that G is in a difficult position and Mr and Mrs G feel strongly about what has happened. NatWest has said it will consider payment proposals, and I encourage Mr and Mrs G to engage with it about how they plan to deal with the land and repay the debt as soon as possible.

### **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 G to accept or reject my decision before 18 December 2024.

Janet Millington  
**Ombudsman**