

## **complaint**

Mr W complains that he was pressurised into providing a personal guarantee for his company borrowing by National Westminster Bank Plc.

## **background**

Mr W signed a guarantee for £55,000 in March 2008. The guarantee was called in December 2011.

The adjudicator did not recommend that the complaint be upheld. She said that:

- The guarantee was required when the company increased its overdraft from £25,000 to £55,000.
- Mr W had signed the guarantee when he been visited, with prior notice, by NatWest staff at his premises and two days later had emailed to say he had felt pressurised into signing.
- She could not determine what happened at the meeting but said that it was likely Mr W would have still signed the guarantee even if he had been given more time.
- NatWest was able to set the terms on which it was prepared to lend.
- Mr W had not taken any further action about the guarantee, and he had agreed to the terms.
- The company was now dissolved and this service could not look at Mr W's complaint that NatWest was irresponsible in lending to it.

Mr W did not agree. He said that when he signed the guarantee the company overdraft was already £120,000 and NatWest had decided to change the terms. He said that it would cause difficulty if the overdraft was withdrawn but disputes that the company would have ceased trading. He said that he was given insufficient time to prepare for the meeting and that the guarantee was not on an agenda he had been sent. He has provided a report from a professional advisor assisting him in this complaint. This argued that NatWest knew in March 2008 that new capital adequacy requirements would force it to reduce its exposure to companies like his and that it should have told him this.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The case notes provided by NatWest confirm that the company overdraft was increased by £30,000 in March 2008 and then to £120,000 in August 2008. The overdraft in March was in line with the guarantee. As Mr W says, NatWest came to the meeting with a pre-prepared guarantee form. Its records suggest that the overdraft of £55,000 had been sanctioned some days before the meeting. If I accept Mr W's position that there had been no discussion before the meeting about the guarantee then I can see why he could be concerned at a requirement. He said in his complaint letter to NatWest that he was shocked and had spoken to a member of his own staff at the time. He went on to say he came to the view that if he did not sign the guarantee his company "... *would have to cease to trade immediately...*"

Mr W has not said that he did not understand what the guarantee meant. In his email to NatWest shortly after the meeting he said he had "...*taken legal advice since signing the document*". He said that he did nothing more as NatWest did not respond. I do not consider that his email rescinded the guarantee. On his account he had been told that the overdraft

facility would be withdrawn without the guarantee and it was not. The facility was added to the company account and was used and was later increased. All future facility letters for the company mentioned the guarantee. I find no grounds for Mr W thinking that he was not reasonably bound by the terms of the guarantee. He did have a choice not to give the guarantee even though the consequences would have been unacceptable to him. I do not find that the requirement in itself was unreasonable.

Mr W, through his professional advisor, has made some challenging arguments about the impact of capital adequacy requirements on NatWest's lending after 2008. But I am not able to look at the wider circumstances of the lending to Mr W's company as it is now dissolved. Had NatWest withdrawn support for his company very soon after he signed the guarantee he might have been able to argue that it acted unfairly. But it did not do so, Mr W understood what the guarantee meant and he knew that a substantial part of the company facilities was on demand through the overdraft. As a result I am unable to find that NatWest acted unfairly.

I appreciate Mr W will be disappointed by my decision.

**my final decision**

In light of the above, my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr W to accept or reject my decision before 10 July 2015.

Michael Crewe  
**ombudsman**