

## **The complaint**

Mr A and Mrs E are unhappy about how National Westminster Bank Plc (NatWest) dealt with issues related to the closure of their bank account.

## **What happened**

In February 2019, NatWest wrote to Mr A and Mrs E. It said it had reviewed their bank account and gave them 60 days notice that it would be closing it. Mr A said that they didn't receive the letters. Mr A and Mrs E only found out the account had been closed when Mrs E's bank card was declined. They both went to a bank branch to find out why the card was declined and were told the account had been closed.

When NatWest closed the account, the overdraft still needed to be repaid. NatWest passed Mr A and Mrs E's details to a debt recovery agency, who acted on its behalf to recover the outstanding debt. Mr A was unhappy that, despite entering into an agreement about the debt via the agency, it still showed up on his credit file.

Mr A and Mrs E complained to this service. Our investigator didn't uphold the complaint. He said that NatWest had acted fairly and in line with its terms and conditions.

As Mr A and Mrs E did not agree, the complaint has been referred to me.

## **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.

The first issue is that Mr A and Mrs E said they didn't receive a letter telling them that their account was being closed. I asked NatWest to explain how it sends letters. It said that the process for sending closure letters is system driven and they are sent via a central processing area. NatWest also provided me with copies of the individual letters sent to Mr A and to Mrs E in February 2019 and the address on both the letters was correct. On that basis, I am satisfied that NatWest sent letters to both Mr A and Mrs E to tell them that their account was being closed and that if these weren't received, it was for reasons outside of NatWest's control.

In those letters, Mr A and Mrs E were given 60 days notice of their account being closed. I have looked at the terms and conditions for the account and these say:

*"Closing your account*

*...*

*We can also close any other current account by giving you at least 60 days' notice"*

On that basis, I'm satisfied that NatWest's terms and conditions allowed it to close the account and that it gave Mr A and Mrs E the required notice before it did so.

Mr A and Mrs E have also complained about a default showing on their credit files as a result of their account being closed. This related to a debt because the overdraft on the account still needed to be repaid. In the letter telling Mr A and Mrs E that their account would be closed it said:

*“You will need to make alternative payment arrangements because at the end of the 60 days:*

- *any overdraft facilities will be withdrawn*

...

*We formally demand repayment of any funds owed to the Bank at the end of 60 days from the date of this letter, failing which the Bank will follow its normal debt recovery procedures. Please note that unless satisfactory repayment is received within 60 days of this letter, performance of your account may be reported to ... Credit Reference Agencies.”*

NatWest therefore gave Mr A and Mrs E notice that the debt needed to be repaid and by when and it told them that it would report the debt to credit reference agencies if it wasn't repaid by that time.

It is not in dispute that there was an outstanding overdraft at the end of the 60 day period. This was then passed on to a debt recovery agency to be recovered on NatWest's behalf. Mr A said that he entered into an agreement with NatWest shortly after the account was closed, so doesn't think that the debt should have been reported to credit reference agencies.

NatWest has said that the account was closed in May 2019 and it didn't have any contact with Mr A until August 2019. Based on information that Mr A sent us, I think it is likely that it was actually the debt recovery agency that he spoke to in May, which was acting on NatWest's behalf, rather than NatWest itself.

The guidance document *“Principles for the Reporting of Arrears, Arrangements and*

*Defaults at Credit Reference Agencies”* explains the basis on which banks must report data to credit reference agencies about its customers. This says that credit files *“must be fair, accurate, consistent, complete and up to date”*. The guidance also says a default may be recorded when an account is three months in arrears.

NatWest said that it automatically reports to the credit reference agencies to show the management of bank accounts. For Mr A and Mrs E, it said *“As part of the closure process, the overdraft facility was removed at the end of April therefore the account was in excess when reported in May, June and July”*. This is what showed on Mr A and Mrs E's credit file. It also showed that the default was registered at the end of August, which was more than three months after the bank account was closed. The credit file was then updated at the end of September to show that the debt had been cleared.

Having thought about all the above, I'm satisfied that NatWest accurately reported the status of the bank account following its closure, that the default was reported at the appropriate time and that Mr A and Mrs E's credit file was promptly updated when the debt was cleared.

I'm aware that Mr A and Mrs E are unhappy that NatWest reported the outstanding money to the credit reference agencies, as they had entered into an agreement to repay the debt

### **My final decision**

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Mrs E to accept or reject my decision before 24 June 2020.

Louise O'Sullivan  
**Ombudsman**