

The complaint

S, a business, complains that National Westminster Bank Plc did not allow sufficient opportunity to reach a repayment arrangement before debt collectors were appointed.

What happened

S had borrowing with NatWest. The owner had personal borrowing which is being considered in a separate complaint. The facility for S was due for review and NatWest says was over the limit. And in September 2017 the owner explained to NatWest that it had not been trading for nearly a year and he was trying to develop new income streams. The borrowing and his personal accounts were moved to collections. No repayment arrangement was put in place and the borrowing was transferred to recoveries. The owner believed that he would be able to make a direct arrangement with NatWest. Instead a debt collection agent was appointed to recover the borrowing of S.

Our investigator did not recommend that the complaint be upheld. He said that NatWest had tried to contact S later in November 2017 as agreed. But it was unable to do so. In January 2018 its notes say that the accounts were to be moved to the recoveries team. And this happened after a final demand. Contact was made about the borrowing of S by a debt collector. We couldn't tell NatWest what processes to follow and he didn't think it had acted unreasonably.

S did not agree. There was no contact from NatWest after 26 February 2018 before the debt collector was appointed. And the owner says he was consistently asking for details of an account that he could make payments to. He did not think NatWest ever had any intention of coming to a workable agreement for S. And the involvement of a debt collector had damaged his credit record.

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 want to set out a bit more detail about what happened referring to both the letters and contact NatWest has reported and the summary from S as follows:

September 2017- NatWest contacted S about the business borrowing and the owner had provided details that S was no longer trading and that he was on benefits and in financial difficulties. This led to the accounts of S and his personal borrowing being transferred to the collections team.

2 November 2017- as agreed NatWest was again in contact. S said it would be in a position to make payments again by the end of the month and to discuss the financial position.

29 November 2017 – S was phoned and there being no answer a letter was sent saying it was important that contact was made.

7 December 2017- S wrote to NatWest and said it was not in a position to make an arrangement but anticipated being able to do so in January 2018 if things went to plan. In a second letter it said that it had paid £20 to the account that day and planned to pay a further £50 at the end of the month and then £100 in January 2018.

11 December 2017 – a final demand saying that the borrowing needed to be paid by 11 January 2018 was issued.

12 December 2017- NatWest acknowledges the letter and asks that S call.

25 January 2018- the owner speaks to NatWest about a basic personal bank account. The NatWest notes state that it was said that the borrowing would be moved to recoveries. The owner says he was given assurances that the repayment arrangements would be handled by NatWest.

19 February 2018 – notice of default is issued which expired on 27 February 2018. This set out that payments could be made by phone or either that a repayment plan could be set up. It said that if this was not addressed then legal action or the appointment of debt collectors could follow.

26 February 2018 – the owner says he phoned and was told his account was being passed to recoveries.

19 March 2018- the transfer to recoveries was completed and S was told that the account was being passed to a debt collector.

19 April 2018- first contact made by a debt collector.

I don't have recordings of any calls S had with NatWest so I can't know exactly what was said. It seems to be agreed that the owner was aware the borrowing was being passed to recoveries. By January 2018 there had been time to come to an arrangement to repay the borrowing. I've not got evidence that S made any specific proposals or of contact with NatWest wanting to make a specific payment before the account passed to recoveries. While of course I would expect NatWest to contact S I think it made the owner reasonably aware of its process and for example what might happen if S was unable to repay the borrowing in the timescale set out.

I think it likely S thought that as part of the recoveries process NatWest would be in contact. I accept that the owner didn't understand that this would instead be through debt collectors. But that was NatWest's process. And I'm not persuaded from what I've seen that it was unreasonable that the borrowing had reached the recovery stage. It says that this allowed it options to freeze interest and allow a longer period to repay. It says the owner's credit record was already affected and NatWest has confirmed that there would be no further entries relating specifically to the use of debt collectors or reported by those third parties.

I fully appreciate S wanted to deal with NatWest directly about repayment. And that the owner thinks it acted prematurely and harshly. But I'm afraid that it was entitled to decide how to deal with the borrowing having in my view given an opportunity to repay it. That involved the use of a debt collector and I don't have a basis to find that NatWest made a mistake here. I appreciate the owner will be very disappointed by my conclusions.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 15 November 2020.

Michael Crewe
Ombudsman