

The complaint

Mr L's complaint about National Westminster Bank Plc (NatWest) relates to the management of his debt through debt recovery agents. He feels his debt has been repaid in full and ought not to have pursued.

What happened

In 2009 Mr L entered into a loan with NatWest in order to consolidate his debt, but when he couldn't keep up the repayments both his loan account and his current account were passed out for recovery action.

Between 2015 and 2019 Mr L made payments towards his debt to NatWest through a debt management company I shall call RW. He was paying at the rate of £120 per month. In June 2018 RW began returning the payments he made and upon enquiry Mr L was told that was because he had repaid the debt.

But, in February 2019 another debt recovery agency, W, contacted Mr L telling him there was still a debt due to NatWest. Mr L thought this was in respect of a debt with a third-party LV, and so made seven payments of £30, later finding out it was in relation to the NatWest debt.

Mr L took this up with NatWest and it apologised stating that an internal system error had caused corruption to their records which had resulted in showing the debt had been repaid in full. NatWest apologised and offered Mr L £150 in vouchers for the inconvenience but confirming that there was still a debt of £857.22.

Mr L was unhappy with NatWest's final response and so approached this service to see if we could assist in resolving the dispute. Our investigator looked into the complaint but reached the conclusion that the balance due to NatWest was in fact correct and it hadn't been repaid as Mr L believed. Our investigator recognised that there had been some internal issues relating to Mr L's complaint, but the amount of voucher compensation NatWest offered was enough to put things right.

Mr L didn't agree and asked for the complaint to be passed to an Ombudsman for a final 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.

My summary of what happened is brief and I know Mr L has gone into considerable detail, providing his own report and opinion upon the evidence. I'm going to focus however on what I think the key issues are as our rules allow me to do this and it reflects the nature of our service as an informal alternative to the courts. So, if there's something I've not mentioned, it isn't because I've ignored it, it's because I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

The crux to this complaint is that Mr L believes he has repaid more than NatWest say he has. He has pointed to inaccuracies within the documentation NatWest has provided and their admission that his loan account had become corrupted. He believes that the evidence NatWest have now obtained does not satisfactorily show the true position and relies upon the letter from RW showing his debt is zero

NatWest have provided documents to show Mr L had a current account and a flat rate loan account with NatWest. Mr L doesn't dispute that he had such accounts. There is also evidence in the form of a letter from RW dated 12 November 2019 which shows there is a zero-balance due, together with a letter from W dated 25 October 2019 indicating there is a credit balance on the current account of £1,200.07.

When both accounts were passed to NatWest's recoveries department, the amounts owing on each account were combined to show a total sum due. That is NatWest's procedure and of itself there is nothing wrong in that.

NatWest have produced a transaction list for the loan, opening on 13 February 2009 with a balance of £14,738 and ending on 8 July 2020 with a balance of £2,352.05. The current account transaction list opens with a credit balance of £1,229.09 on 13 February 2009 and ends on 6 July 2020 with a credit balance of £1,494.83. Both lists show that fairly regular payments of £120 were made during 2009 to the early part of 2015. There is a gap until payments recommence from December 2015 to May 2018, with a further gap in payments to April 2019 when the seven payments of £30 are then made.

As at July 2020 the current account showed a credit balance of £1,494.83 and the loan account showed a balance of £2,352.05. Subtracting one from the other produces an outstanding liability of £857.22.

It is clear to me from the evidence provided it is certainly not easy to unravel what has gone on here. It has certainly not been helped by the corruption of the loan account. However, there are within the documents provided, some good indicators to me that the NatWest list of transactions is more likely to be right than wrong. The letter I have mentioned above dated 25 October 2019 mentioning the credit balance of £1,200.07 corresponds with the current account list of transactions. Mr L's statement that he made seven payments of £30 is also borne out by the two transaction lists. There are some gaps in payment as I have identified above, but Mr L has not provided any evidence to show that he made payments during those periods.

So, when evidence is not complete, I think about what is more likely to have happened in the light of the evidence which is available. And in this case, there is sufficient evidence to satisfy me that although Mr L was told his account had been paid in full, in fact it had not, and that the transaction lists NatWest have supplied show, on balance, the true reflection of the state of his two accounts.

NatWest has accepted that it didn't get things right and because of that it compensated Mr L with £150 of vouchers. As Mr L didn't think that was enough to put matters right, I've given this some further thought. Our investigator's suggestion is in line with the awards this service would make for distress and inconvenience in circumstances like this, and I think it is fair, and enough to put matters right.

So, although Mr L will probably be disappointed with my decision, and whilst NatWest have indeed made errors, I can't say NatWest has subsequently acted unfairly or unreasonably here and I'm not upholding this complaint.

My final decision

National Westminster Bank Plc has already paid Mr L £150 in vouchers to settle this complaint, and I think that is fair and reasonable. So, my final decision is that I don't require it to do anything else.

For the reasons set out above I do not uphold the complaint against National Westminster Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 22 March 2021.

Jonathan Willis
Ombudsman