

The complaint

Mr R complains that National Westminster Bank Plc, trading as NatWest, closed his bank accounts and added a default to his credit file. And he'd like this removed.

What happened

Mr R had a current account, some savings accounts and a Credit card with NatWest.

Between the 1 February 2019 and the 21 February 2019 NatWest restricted access to Mr R's accounts. And on the 25 February 2019 NatWest sent Mr R a letter advising him they'd be closing his accounts within 60 days.

In May 2019 NatWest notified Mr R that his accounts were closed and because he'd not settled the overdraft debt from his current account they'd be passing his account to their recoveries department.

In September 2019 NatWest recorded a default against Mr R's credit file. Mr R settled the debt in full in May 2020.

Mr R wasn't happy with NatWest's actions so complained to the bank. In particular he was unhappy that NatWest hadn't advised him of the outstanding balance of just over £11,000 on his current account whereas they had sent out a statement on his credit card. Which he'd paid in full. He thought it unfair NatWest had moved the account to their recoveries department.

NatWest didn't uphold his complaint. They advised that the accounts had been restricted and closed within the terms and conditions. And they'd made it clear in the account closure notification that the overdraft needed to be paid within 60 days of the date of the letter – but Mr R hadn't made contact to discuss this.

Mr R didn't accept NatWest's conclusion so complained to our service. He'd learnt that in September 2019 NatWest recorded a default on his credit file and he explained that this was preventing him from obtaining a mortgage.

One of our investigator's looked into Mr R's complaint. But they concluded that NatWest hadn't acted unfairly in restricting and closing his account or reporting the default to Credit Reference Agencies.

Mr R wasn't happy with our investigator's conclusions. And in response said he's not challenging the bank's decision to close his accounts. But he doesn't think the loading of the default is fair. In summary he said:

- He has no outstanding debts or loans and he's always paid his bills on time.
- The bank didn't inform him how much he owed and when he needed to make repayments.
- He's paid the debt in full including all interest and charges; and

- He'd like the default removed.

As Mr R didn't accept our investigator's outcome, it's been passed to me for a 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.

Having done so I've reached the same conclusion as our investigator for similar reasons. I've explained why below.

Mr R's explained in his response to our investigator's outcome that he's not complaining about NatWest's decision to restrict or close his accounts – instead he remains unhappy about the reporting of the default. And he'd like this removed. I'd like to confirm that I'm in agreement with our investigator in saying that NatWest followed the terms and conditions of Mr R's accounts when restricting his access and closing them. And therefore acted fairly.

So it's left for me to consider the fairness of the default loading on Mr R's credit file.

On the 25 February 2019 NatWest wrote to Mr R to explain all his accounts would be closed within 60 days. They also stated within that letter:

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 it's normal debt recovery procedures. Please note that unless satisfactory repayment is received within 60 days of this letter, performance of your account may be reporting to the following Credit Reference Agencies.

I'm satisfied that this paragraph within the letter sent to Mr R on the 25 February 2019 makes it clear to Mr R that NatWest may report information to Credit Reference Agencies if any debt isn't settled within 60 days. Mr R accepts he was aware that he was using his overdraft at the time the account was closed, and he agrees he made no attempt to contact NatWest about this outstanding debt. I see no reason why Mr R wouldn't have been aware of the size of the debt because he was receiving monthly statements. Mr R argues that NatWest should have sent him a letter to notify him of the exact outstanding amount – as they did for his Credit Card. However, I'm afraid I don't agree with this assessment. I think the letter makes it clear that NatWest will no longer be providing the accounts or overdraft facility and Mr R needs to take action to either fully repay the balance or come to an arrangement with the bank. However Mr R failed to do this – and I see nothing that prevented him from doing so.

Mr R has argued that he's always paid other debts on time, he has no outstanding debts and he repaid the overdraft in full. I'm satisfied that Mr R did fully repay the debt in May 2020. However, this doesn't lead me to conclude that the default was loaded unfairly. I say this as the bank has a responsibility to report accurate information about a customer's financial situation to Credit Reference Agencies. Mr R didn't repay the debt or make arrangements with NatWest within the stated 60 days. And even once he'd been notified that the account would be moved to recoveries, in May 2019, it took Mr R 12 months until the debt was settled. This indicates to me that even if Mr R had contacted NatWest to discuss the outstanding overdraft the repayment timeframe may not have been acceptable to the bank.

Overall, I'm satisfied that NatWest acted fairly in recording the default. And I won't be asking them to do anything further.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 25 January 2021.

Jeff Burch
Ombudsman