

## The complaint

D complains about National Westminster Bank Plc ("NatWest") for its decision to deny his business account longer forbearance on an overdraft debt and its decision to transfer the account to debt recovery. D wants the account to remain out of debt recovery and for a grace period up until around 6 months after the end of the pandemic.

## What happened

D is a sole trader who held a business account with NatWest. This account had an overdraft facility of up to £7,000.

D was overdrawn within his limit when he stopped trading in November 2019. His overdraft was due to expire in July 2020.

D entered into correspondence with NatWest in late spring 2020. D wanted NatWest to allow him a grace period and continue the overdraft beyond July as he was experiencing difficulty finding work.

D arranged a telephone appointment with NatWest in June 2020, but this did not take place.

NatWest made some efforts to contact D and the appointment was rearranged for late June 2020. During that call it was agreed that the account would be put on hold until early July 2020, while D gathered his income and expenditure information.

D and NatWest spoke again in July 2020 and D requested 6 months breathing space. NatWest declined this as the account had been on hold since May.

D offered to arrange a repayment plan for the overdraft. This was initially agreed but when D provided details of his income and expenditure this demonstrated that the plan was not affordable because D had not made provision for expenses such as accommodation or food.

NatWest therefore declined to continue the arrangement and indicated that the account would be passed to debt recovery and a default notice issued.

D complained to NatWest in mid-August 2020. He felt that more could be done to assist him in his difficulties.

NatWest provided its response in November 2020. NatWest acknowledged that D had experienced some poor service in relation to calls not being returned and his initial appointment not being kept. NatWest offered him £80 compensation to reflect this.

NatWest declined D's request to keep the account out of debt recovery. It stated that its policy was to allow forbearance only when it considers that there is scope for a consumer's financial situation to improve in the near future.

NatWest, to reflect D's circumstances, offered to refund the interest and charges which had been applied to the account between May 2020 and their final response. This amounted to £86.88 interest and £0.70 charges. The letter made clear that from that point onwards

interest and charges would be added until the account was passed to debt recovery.

D was not happy with this and contacted us. One of our investigators has looked into this matter and set out her view to the parties. She considered that NatWest's offer of compensation was reasonable to reflect the poor service in relation to missed calls and appointments. She explained that she thought NatWest was not unreasonable in the way it had applied its forbearance policy, and its decision to put the account into debt recovery. She did, however, think that NatWest ought to refund any interest and charges applied to the account between the final response and the account being put into debt recovery, in line with the offer in its final response.

NatWest accepted this decision and agreed to refund the interest and charged back to the account.

D did not accept this view. D set out that he objected in particular to the account being passed to debt recovery, and he felt that the breathing space ought to be extended until 6 months after the pandemic restrictions are ended. He also felt that the compensation offered was inadequate to reflect the impact of the account going into debt recovery.

The complaint has therefore been passed for an ombudsman 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.

I understand that this period has been very difficult for D and that D has sought to avoid going into debt recovery for some time. He has explained that he thinks that, given the government support that banks have received over time, banks should be willing to extend greater support to consumers impacted by the pandemic.

I understand that view and sympathise with D's position, but as my colleague explained it is not the role of this service to set policy for businesses or to change their existing policies. Our role is to consider whether policies and processes have been fairly and reasonably applied to the individual consumer, and where they have not, to try to correct this.

The investigator set out her view that the compensation offered, of £80, was reasonable to reflect the service failing in relation to calls not being returned and the missed appointment. I agree with this and have not seen any evidence to suggest that these failings caused more severe distress and inconvenience for D. I therefore agree with the investigator's conclusions on this part of the complaint.

I also agree with the investigator that NatWest has not acted unreasonably in deciding to put the account into debt recovery. This is the bank's formal step to stop the addition of further interest and charges to the account balance which has now been closed for some time. I appreciate that D wants further time to improve his circumstances, but businesses are not obliged to leave debts dormant for an extended period and, in this case, there is no reasonable repayment plan which can be reached, or other prospect for imminent, significant change in D's ability to repay the debt. In those circumstances, I do not think the decision to move the debt on is unreasonable.

D has commented that he thinks the compensation is too little in light of his account being put into debt recovery. I understand his view, but as I do not think the decision to put the account into debt recovery is a failing, I cannot consider the impact of this decision when assessing the level of compensation.

Finally, the investigator considered that NatWest ought to extend its goodwill gesture of refunding the interest and fees to the entire period from May 2020 until the account is transferred to debt recovery. The business has agreed to that recommendation and I agree it is consistent and in line with the approach to consumers in financial difficulty.

For these reasons I agree with the investigator's view and direct National Westminster Bank Plc to:

Refund to D's account all interest and charges incurred between May 2020 and the account being transferred to debt recovery.

### **My final decision**

For the reasons set out above, I agree with the investigator's view and partially uphold the complaint. I direct National Westminster Bank Plc to:

Refund to D's account all interest and charges incurred between May 2020 and the account being transferred to debt recovery.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 15 April 2021.

Laura Garvin-Smith  
**Ombudsman**