

The complaint

Mr M complains that National Westminster Bank Plc (NatWest) didn't close his loan account after the debt was sold.

What happened

Mr M had a loan with NatWest. In November 2019, it was sold to a debt collection agency (DCA). Mr M received letters and statements from NatWest in March 2020 and September 2020 stating he had a debt with NatWest.

Mr M complained. He said the debt was sold to the DCA in November 2019 – and yet was still getting letters from NatWest showing a debt and arrears with them. This continued even after the debt with the DCA was repaid in May 2020. He found this confusing and distressing.

NatWest replied in April 2020 and October 2020. They said the loan debt remained open in their books and therefore they had to send notices to Mr M under their regulatory requirements under the Consumer Credit Act (CCA). But - he should ignore them. They confirmed to Mr M that he didn't owe NatWest any money. And that the DCA was the legal owner of the debt. In their letter dated April 2020, they agreed that this was inconvenient and paid Mr M compensation of £75.

Mr M brought his complaint to this service. Our investigator said that NatWest had told him that Mr M's loan hadn't been closed because it was one of many that had been sold to DCAs and there was a backlog of work to close them down. But because the loan remained open in their books, NatWest were correct in sending Mr M CCA letters. NatWest had apologised and paid compensation of £75, so he felt that was a fair outcome.

Mr M asked that his complaint be reviewed by an ombudsman.

I reached a provisional decision, where I said:

I take a different view to our investigator.

Mr M's debt had been legally assigned to a DCA in November 2019. The letter he received from NatWest said *"On 27 November 2019 your account was assigned to (DCA) who are now the legal owners of the debt and will now manage your account.... their contact details are..."* So, Mr M would reasonably have expected to deal with the DCA, and not NatWest.

And he was making payments to the DCA – and indeed, paid the debt off with the DCA in May 2020. But in March 2020, and again in September 2020, Mr M got letters from NatWest saying that he owed them money – and that he was in arrears. I've seen these and they say *"You may have to pay default sums and interest in relation to the missed...payments in this notice.... you are required to pay any interest on arrears mentioned in this notice..."* The March 2020 letter quotes *"arrears"* of £1927.79. The September 2020 letter quotes *"arrears"* of £2356.22. The September 2020 letter also enclosed the FCA Arrears information sheet saying *"Don't Ignore the problem...doing nothing could make things worse..."*

Mr M was making his payments to the DCA, so to get these letters must have been confusing and distressing. When he called NatWest – they didn't call him back as they'd said they would.

To be fair to NatWest, they apologised for the confusion and paid compensation of £75. They did say that he didn't owe them any money. But, they just said that Mr M's account remained open – they didn't say when it would be closed, or why it hadn't been closed. And because it was still open, they had to send him arrears letters – which they said to ignore. So, I can see that Mr M must have felt left in the dark.

NatWest told us that there was a backlog of work which was delaying the closure of Mr M's loan with them. But, Mr M's loan account was still open almost a year after the debt was sold to a DCA. Given that Mr M had complained to them, it would have been sensible to close his account – even if an exception was needed to do this.

So, on balance I think NatWest could've done more here to help Mr M and settle his complaint. So, I think NatWest should pay an additional amount of compensation of £75 to Mr M in recognition of this. This is in addition to the £75 they've already paid.

Mr M has referred also to NatWest's obligations under GDPR – this is beyond the scope of this service. Mr M has approached the ICO about that.

Mr M accepted my findings, and so did NatWest.

So – I now need to make 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.

As both Mr M and NatWest accepted my findings, I won't be departing from what I said in my provisional decision for the reasons I gave in it. So, my final decision is that NatWest should do what I've already suggested.

My final decision

I uphold this complaint. My final decision is that National Westminster Bank Plc should pay to Mr M compensation of £75. This is in addition to the £75 already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 April 2021.

Martin Lord
Ombudsman