

## **The complaint**

Mrs L complains that National Westminster Bank Plc (NatWest) defaulted her loan account and advised late payments to credit reference agencies.

## **What happened**

Mrs L took a loan of £15,000 from NatWest in August 2019. The repayments were £312.67 a month. She missed payments on March 2020, August 2020, and for the four months between October 2020 and January 2021. NatWest sent a number of emails and texts in March 2020 and April 2020. And tried to call Mrs L in May 2020 and June 2020. NatWest issued a default notice on 3 July 2020. In August 2020, Mrs L send an income and expenditure form to NatWest – this showed negative income. NatWest texted Mrs L on 4 September 2020. They sent formal demand on 24 September 2020. A default was registered on 23 October 2020 - and her payments were then managed by a debt collection agency (DCA).

Mrs L works for the NHS and has undergone a very stressful and busy year and asks for compassion and understanding regarding her circumstances. Mrs L complained that she'd tried to contact NatWest many times either by phone or via its App, but without success – to discuss her circumstances. She hadn't received the correspondence from NatWest – and when she did see a text, she thought it might be a scam, so she ignored it. She said she had made the payment to her loan in January 2021 – but this had gone through early in February 2021. So – the January payment was made. The February 2021 payment had been made at the end of February 2021 – so the late payments noted on her credit file for January 2021 and February 2021 were unfair. She had then paid £630 in April 2021 to bring payments up to date. But NatWest continued to advise late payments on her credit file for February 2021, March 2021 and April 2021. She wanted to move to a new house and was now having difficulty getting a mortgage.

NatWest said they'd tried to contact Mrs L many times about her situation. They'd sent emails on 25 March 2020, 13 April 2020 and 26 April 2020. Texts were sent on 27 March 2020, 14 April 2020, 25 April 2020 and 29 May 2020. They called her on 15 May 2020, 26 May 2020 and 28 June 2020. Letters were sent on 20 April 2020, 30 April 2020, 3 May 2020 and 3 June 2020 – all methods of contact asked Mrs L to get in touch. A default notice was sent on 3 July 2020 – which said her loan would be defaulted if she didn't contact them. The income and expenditure form that Mrs L sent in showed a negative income of £486 a month. Another text was sent on 4 September 2020 – and because there wasn't any contact from Mrs L, they made formal demand on 24 September 2020. A default was registered on 23 October 2020 and after that, Mrs L's loan was dealt with by a DCA. They apologised for the problems Mrs L had in getting through to NatWest during the pandemic. They said that the correct information was advised to the credit reference agencies (CRA).

Mrs L brought her complaint to us. Our investigator said she thought that it wasn't fair that NatWest sent a default notice in July 2020 – when she'd only missed one payment. And after she'd sent in her income and expenditure statement in August 2020, NatWest had only contacted her by text – 10 days later. So, they could've done more to help. So – she said the default registered on 23 October 2020 should be removed. And Mrs L should receive £250

for the trouble and upset caused.

NatWest said to our investigator that they felt that the default had been correctly registered. But under the wider circumstances of the pandemic, they agreed to remove the default from Mrs L's credit file and pay £250 for trouble and upset caused. Mrs L accepted that, but she also wanted the late payment entries to be removed. She said she'd brought the payments up to date, so they were wrongly advised to the CRAs. So, she asked that an ombudsman look at her complaint.

### **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 must reach a balanced decision here based on all the evidence that I've seen.

Mrs L argues that she made many attempts to get through to NatWest to discuss matters – and showed us evidence of web-messages to them. And, she spent a long time trying to get through on the phone. She said she thought that some of NatWest's text messages were attempts at fraud – so she ignored them.

On the other hand, NatWest have told us that they tried to contact Mrs L on many occasions through texts, phone call and letters – and without any response from Mrs L, other than when she sent to them her income and expenditure details in August 2020. Our investigator considered that NatWest then missed the opportunity to properly engage with Mrs L and agree a way forward. And because of that, she felt that the default registered on 23 October 2020 should be removed. NatWest agreed to do this and to pay compensation of £250 – so I won't go into that aspect of Mr L's complaint too much. I endorse that, but – I've also seen that NatWest clearly did make a lot of effort to contact Mrs L throughout 2020 – mostly unsuccessfully. And – while I can accept that Mrs L may have thought that some texts were suspicious, when I consider the overall extent of the communications sent to Mr L, she must have been aware of her circumstances and the need to sort things out. So – I think NatWest's agreement to remove the default registered in October 2020 recognises Mrs L's circumstances – that she was an NHS worker working in the face of the pandemic. So – I need to take NatWest's agreement to that action into consideration in reaching my decision.

So - the key point now outstanding in Mrs L's complaint is that she still had late payment markers put on her credit file – and she says these are unfair because she's paid the arrears off and she's up to date. And – if NatWest have agreed to remove the default, it follows that the late payment entries should also be removed. Specifically, she says the January 2021 payment was shown as late because the direct debit went through on 4 February 2021. And the February 2021 payment was made on 28 February 2021. So – she says the late payment markers for January and February 2021 are wrong.

Let me explain – banks, including NatWest, are obliged to record accurate data at CRAs. There are essentially two types of notifications – firstly, registration of a default. The guidance for dealing with defaults is laid down by the Information Commissioner's Office (ICO). This says when a consumer is at least three months behind with their payments then a default may be registered. And it would expect a default to be registered by the time the consumer is six months behind with their payments. It is the business' responsibility to put an entry on the credit file. This cannot be taken off unless it is an error. And in this case – NatWest have agreed to remove the default registered in October 2020.

But – banks also advise payment information to CRAs. This is so other lenders can see if a potential borrower is a good payer or not. It's for those lenders to interpret the information as they wish.

In Mrs L's case, she was behind with her payments. I've looked at her loan statements. She missed payments in March 2020, August 2020, and for the four months between October 2020 and January 2021. So, by then, she was six months behind – which is a lot. Mrs L says that the January 2021 payment was made in February 2021 – but having looked at her statement, that's not the case – the January 2021 payment was due on 20 January 2021 and was not paid then, as the direct debit was returned unpaid. Payments of £315 were then made in February 2021, March 2021 and April 2021. A further £630 was paid in April 2021 – so Mrs L was trying to bring payments up to date.

But – by the end of January 2021, she was six months behind with her payments. The overpayment of £630 in April 2021 dealt with two of those, but she was still four payments behind. So – I can't say that NatWest were wrong to advise the CRAs of this. Mrs L has told us that she's continued to overpay to clear the arrears since that time – I haven't got the data to show this – but I hope she's now been able to bring things up to date.

I must reach a balanced decision here based on all the circumstances of this case. And that is that I think that on balance – as Mrs L has had agreement to have the default removed, I think it's fair that the late payment information advised to the CRAs by NatWest remain on her credit file.

Mrs L has argued strongly for her case, and I can see her strength of feeling. And so, she will be disappointed by my decision, but I'm not going to ask NatWest to do anymore here – other than doing what they've already agreed to do – which is to remove the default registered in October 2020 and pay Mrs L compensation of £250 for distress and inconvenience.

### **Putting things right**

NatWest have agreed to remove the default registered on 23 October 2020 and pay compensation of £250 for distress and inconvenience.

### **My final decision**

I uphold this complaint. National Westminster Bank Plc must:

- Remove the default dated October 2020 from Mrs L's credit file – but not the late payment information.
- Pay Mrs L £250 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 10 August 2021.

Martin Lord  
**Ombudsman**