

## **The complaint**

Mr H complains about a decision by National Westminster Bank Plc (“Nat West”) to close a credit card account he had with them due to it being in persistent debt.

## **What happened**

The details of this complaint are well known to both parties, so I won’t repeat them again here. Instead I’ll focus on giving my reasons for my 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 know it will disappoint Mr H, but I agree with the investigator’s opinion. Please let me explain why.

The Financial Conduct Authority (FCA) set rules (CONC 6.7.27 to 6.7.31) about “*persistent debt*” that companies such as Nat West have to follow. They define persistent debt as when a consumer has paid more in interest, fees, and charges than they’ve repaid towards the capital they owe over the previous 18 months. The FCA require businesses to assess whether a customer falls within this definition and when they identify that’s the case the rules require a business to send letters to the consumer 18, 27 and 36 months after the account falls into persistent debt.

Here Nat West identified that Mr H’s account met, and continued to meet, the FCA’s definition of persistent debt and I can see that they sent the letters they were obligated to send to Mr H after 18, 27 and 36 months. Whilst I understand Mr H disputes receiving all of those letters Nat West have provided system information to suggest the letters were dispatched, they have the same address on file as we do, and I think it’s therefore likely that they were sent.

Those letters explained, amongst other things, why they thought Mr H was in persistent debt and why increasing payments would reduce the cost of the borrowing. They also encouraged Mr H to get in touch so they could provide advice. The letters explained that the rules meant the account would eventually need to be closed if insufficient action was taken. That was to enable Mr H to get on top of the debt.

I think the letters Nat West sent complied with the FCA rules and that their assessment the account was in persistent debt was correct. As insufficient action was taken by Mr H Nat West eventually closed the account and offered repayment options and I think that was in line with the rules the FCA set for them.

Mr H thinks it is unreasonable for Nat West to have applied the persistent debt rules in August 2018 as they referred to persistent debt that preceded the date the rules on persistent debt came into place. But the rules don’t forbid that. They say a firm must assess the amount the customer has paid over the immediately preceding 18-month period and that

may therefore predate the date the rules came into force. So, I don't agree that Nat West were wrong to issue the 18 month letter. And it follows that when inadequate action was taken to reverse the situation they were required by the rules to issue letters at 27 and 36 months.

Mr H says that Nat West failed to communicate the change to the conditions of the card. The 18-month letter gave Mr H notice of the changes that would be applied to his credit limit and to his credit card terms and conditions in order that Nat West could comply with the new FCA rules. I think that letter adequately explained what was changing and provided reasonable notice of those changes. I don't think it would be fair to suggest the communication of the change was unclear or inadequate.

I understand that Mr H wanted Nat West to delay any action whilst his complaint was being reviewed but I don't think Nat West were compelled to do that. Had they suspended the action it would have delayed the activity required for Mr H to get on top of his mounting credit card debt.

I understand Mr H's concern that he's had a long relationship with his bank and he would've expected them to be more understanding given the knowledge they had of his previous financial conduct. But, as I've explained already, whilst I understand Mr H's strength of feeling I think Nat West did what they were obliged to do here and that they followed the FCA's rules as intended. The options they presented in their 36 month letter were reasonable and in the absence of any action from Mr H the rules explained they could cancel the use of the credit card.

I'm not persuaded that Nat West have done anything wrong here and I'm not asking them to take any further action.

### **My final decision**

For the reasons I've given above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 21 September 2022.

Phillip McMahon  
**Ombudsman**