

## **The complaint**

Miss C is unhappy with the standard of service she's received from National Westminster Bank Plc ("NatWest") surrounding the issuance of letters advising that her credit card account is considered as being in persistent debt and the subsequent suspension of that account. Miss C is also unhappy that NatWest increased the minimum payments due on her credit account without her knowledge or consent.

## **What happened**

Miss C received an email from NatWest advising her that her credit card account would be closed in seven days. Miss C contacted NatWest immediately about this email and was told that it had been sent because Miss C hadn't responded to any of a series of letters sent to her by NatWest advising that her account was considered as being in persistent debt and advising of the steps Miss C needed to have taken to rectify this position. Miss C wasn't happy about this, especially as she hadn't received any of the letters that NatWest referred to. So, she raised a complaint.

NatWest looked at Miss C's complaint, but they confirmed that they'd sent the persistent debt letters to Miss C's correct address. Because of this, they didn't think that they'd acted unfairly by following the persistent debt guidelines, and so they didn't uphold Miss C's complaint.

Miss C wasn't satisfied with NatWest's response, so she referred her complaint to this service. One of our investigators looked at this complaint. They noted that NatWest hadn't provided evidence to this service that enabled our investigator to confirm that NatWest had sent all of the mandated persistent debt correspondence to Miss C – which our investigator felt was important, given that Miss C was stated that she hadn't received that correspondence.

Our investigator also considered Miss C's complaint point that NatWest had increased the amount of monthly payment that NatWest had taken from Miss C's account without advising her about this or gaining her consent to do so. Again, our investigator noted that NatWest hadn't provided this service with information to allow confirmation that NatWest had fairly communicated this repayment increase to Miss C. Because of these points, our investigator recommended that this complaint be upheld in Miss C's favour and that NatWest should make a payment of £250 to Miss C to compensate her for any upset or inconvenience incurred.

NatWest didn't respond to the recommendation put forward by our investigator, so the matter was escalated to an ombudsman for 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.

I issued a provisional decision on this complaint on 1 September 2021 as follows:

*I can appreciate how it must have been upsetting for Miss C to have received an email from NatWest advising her that her credit account was going to be closed on the basis that she hadn't responded to earlier correspondence sent by NatWest about her credit account considered as being in persistent debt – especially as Miss C has confirmed that she didn't receive any of the earlier correspondence that NatWest claim to have sent.*

*The Consumer Credit (CONC) section of the Financial Conduct Authority (FCA) Handbook defines persistent debt on a credit card account as being when a customer has paid more in interest, fees, and charges that they've repaid towards the capital balance they owe, over a prolonged period. This can often be the case where a customer is paying only or close to the minimum payments required on the credit account on a month by month basis.*

*Credit card providers are required to assess whether its customers meet the criteria for being considered as being in persistent debt, and to send a series of mandatory letters to customers who are in persistent debt advising them of this fact and of the steps that customer can take – primarily being an increase in monthly repayments – so that the customer's account is no longer considered as being in persistent debt by a stated date.*

*Importantly, these letters should also advise the customer of the potential consequences that not making additional payments such that their account continues to meet the criteria for persistent debt might entail. And one of these potential consequences is that the account might be closed for future use and only remain open for balance repayments.*

*Miss C has stated that it's her understanding that there is no requirement for a business to close or suspend a customer's account if it continues to remain in persistent debt. However, in February 2020, the FCA provided clarification on this point as follows:*

*"The Persistent Debt rules only require the suspension or cancellation of cards where a customer:*

*a) Does not respond to the repayment options proposed within the time specified by the firm;*

*b) Confirms that one or more of the proposed options are affordable but that they will not make increased payments."*

*In this instance, NatWest took the decision to close Miss C's account because Miss C didn't respond to the repayment options set forth in the previously sent persistent debt correspondence within the time specified within those letters. As such, clause (a) above appears to be relevant in this instance which in turn means that the closure of Miss C's account appears to have been warranted.*

*Miss C has stated that she didn't receive any of the persistent debt letters sent previously by NatWest. However, NatWest have provided this service with information which confirms that they held the correct address for Miss C when issuing the letters to her.*

*And, while NatWest haven't provided this service with the information necessary to allow it to be confirmed that the full suite of persistent debt letter were definitely sent, given that NatWest have been able to demonstrate that some of these letters were*

*sent, I feel that it's more likely than not that, on balance, it was the case that the full suite of persistent debt letter was sent to Miss C at her correct address – and I say this because I consider it unlikely that a business would send a letter which is later in a formal sequence without first sending all earlier letters in that sequence.*

*Of course, it doesn't necessarily follow from this that Miss C received the persistent debt letters, and it may have been the case that the letters weren't delivered successfully to her address. But I feel that this scenario is less likely, and it must be noted that this service wouldn't consider holding a business accountable for sent letters not being delivered – and this is because the delivery of sent letters is undertaken by a postal service and isn't something over which the business has any control. It follows from this that my I won't be provisionally upholding this aspect of Miss C's complaint.*

*With regard the issue of NatWest increasing the amount of minimum payment taken from Miss C's account, it's my understanding that NatWest have contacted Miss C subsequent to her referring her complaint to this service and made an offer of compensation to Miss C of £56.57 in respect to this point.*

*While I commend NatWest for making this offer, I'm not convinced that it goes far enough or takes sufficient account of the length of time taken to reach a potential resolution on this matter – including as a result of NatWest's unreasonably lengthy response times while dealing with this service.*

*As such, I will be provisionally upholding this aspect of Miss C's complaint only, and I'll be provisionally instructing NatWest to increase the level of compensation that they're offering to Miss C by a further £100, to a total of £156.57.*

In my provisional decision letter, I have both Miss C and NatWest the opportunity to provide any comments or further information they might wish me to consider before I moved to a final decision. NatWest didn't respond to my provisional decision letter, whereas Miss C did provide some further comments for my consideration.

Miss C drew my attention to the fact that did respond to the email sent by NatWest on 9 October 2020. However, this email was a confirmation that NatWest had already taken the decision to close Miss C's account to further usage and so I remain satisfied that Miss C didn't respond to the earlier persistent debt letters sent by NatWest which provided Miss C with repayment options which would have enabled her to have avoided having her account closed for further use by NatWest.

It's also evident from NatWest's contact notes that NatWest had attempted to contact Miss C by email before 9 October, but that their email attempts had failed. Indeed, it's notable that Miss C's email details were updated by Miss C on 30 September, and that it was this which allowed the successful delivery of the email sent by NatWest on 9 October.

As such, I remain satisfied that NatWest did take reasonable steps to issue communication to Miss C about the status of her account being in persistent debt, but that Miss C did not respond to this communication such that it was fair and reasonable for NatWest to have closed Miss C's account for further use.

Miss C has also stated that she feels that the additional £100 compensation I instructed in my provisional decision letter in relation to NatWest increasing the level of minimum payment due on her account doesn't go far enough. Matters of compensation can be subjective, with an amount considered as being fair by one party not being considered as being such by someone else. However, the additional £100 I've already instructed here does

feel fair to me, given the circumstances, and I don't feel that any further instruction above and beyond that amount is warranted in this instance.

All of which means that I see no reason not to issue my final decision on the same basis as that which I outlined in my provisional decision letter, and I can confirm that I will be upholding this complaint on that basis accordingly.

I realise that this won't be the outcome that Miss C was wanting here, but I hope that she will understand, given all that I've explained, why I've made the final decision that I have.

### **Putting things right**

NatWest must make a payment to Miss C of a further £100. This payment may not take the form of a credit to Miss C's NatWest credit account - unless Miss C gives her permission for it to do so.

### **My final decision**

My final decision is that I uphold this complaint against National Westminster Bank Plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 1 November 2021.

Paul Cooper  
**Ombudsman**