

The complaint

Mrs L and Mr L complain about National Westminster Bank Plc (NWB) and the decision to pass their defaulted accounts to a debt collection agent.

What happened

Mrs L and Mr L held accounts with NWB for several years. But they struggled to manage these accounts due to the interest and charges that were applied to their overdrafts. This eventually led to the accounts being defaulted in late 2020.

After the accounts defaulted, they were transferred to NWB's recoveries department, before being passed on to a third-party debt collection agency, who I'll refer to as "M". Mrs L and Mr L were unhappy about this, so they raised a complaint.

Mrs L and Mr L didn't think NWB acted fairly when transferring their debt to M. And they were unhappy with the way M were chasing them for repayment of the debt, which they felt was aggressive and unreasonable. So, they wanted to be compensated for the upset this had caused them.

NWB responded and didn't agree. They explained M were instructed as part of their recoveries process, which they felt they were entitled to follow. So, they didn't think they'd acted unfairly and because of this, they didn't offer to do anything more. Mrs L and Mr L remained unhappy with this response, so they referred their complaint to us.

Mrs L and Mr L's complaint about the debt referral was brought to our service alongside their complaint about the interest and charges NWB applied to these accounts. An Ombudsman issued a final decision on 25 August 2021 explaining our service was unable to consider Mrs L and Mr L's complaints about anything other than their issue regarding the debt referral.

So, our investigator looked into this complaint, and this complaint only. And they didn't uphold it. They thought NWB had acted in line with terms and conditions of the account when passing the debt to M. And they thought it was fair of NWB to do so, as the account had defaulted due to payment arrangements failing to be maintained. So, they didn't think NWB needed to do anything more.

Mrs L and Mr L didn't agree. And they raised concerns about the fairness of our service's investigation and the length of time it took for NWB to respond to our service's requests for information. But Mrs L and Mr L didn't provide further information or comments regarding the actual merits of the complaint against NWB. As Mrs L and Mr L didn't agree, the complaint has been passed to me for a 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.

Having done so, I'm not upholding the complaint for broadly the same reasons as the

investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Before I explain why I've reached my decision, I think it would be useful for me to explain exactly what I've been able to consider, and how. An Ombudsman has already decided Mrs L and Mr L's complaint about the interest and charges on the accounts were made out of time. So, I haven't thought about this, or anything about the accounts were managed before they were defaulted, any further. Instead, my decision focuses solely on NWB's decision to pass Mrs L and Mr L's outstanding debt to M, and whether it was fair for them to do so.

I'm aware Mrs L and Mr L are also unhappy about the actions of M, and how they've chased them for repayment of this debt. But M are a separate, independent third-party and so, NWB aren't responsible for, or able to control, M's actions. Because of this, I haven't thought about or commented on the actions of M within this decision.

And finally, I recognise in reply to the outcome our investigator provided, Mrs L and Mr L raised concerns about the way NWB responded to our service's requests for information. And the deadlines our service itself provided and in Mrs L and Mr L's opinion, failed to enforce. But this decision is focused solely on the merits of Mrs L and Mr L's complaint about NWB. It is not intended to address Mrs L and Mr L's potential concerns about our service, or the actions of NWB when they corresponded with us. So, I won't be considering or commenting on this further.

First, I'd like to recognise the impact this complaint has had on Mrs L and Mr L. I recognise it would've been worrying and upsetting when they found out their debt had been referred to M. And as this referral was made by NWB, I can understand why Mrs L and Mr L would hold NWB responsible for the anxiety they've been caused due to the way in which they say M has chased them for payment.

But for me to say NWB have done something wrong, I'd need to be satisfied that they failed to act in line with the terms and conditions of the accounts Mrs L and Mr L held when they transferred the debt. Or, if I think they did act within these, that it was unfair of NWB to do so. And in this situation, I don't think that's the case.

I've seen NWB's terms and conditions which states *"We may transfer our rights or responsibilities under this agreement to another person or organisation in the future. We'll only do this if we reasonably believe that you'll be treated to a similar standard as after the transfer as we treated you beforehand."* So, I think NWB had the ability to transfer Mrs L and Mr L's debts to M. And that they acted in line with their terms and conditions when taking this action.

But as I've explained above, as well as ensuring NWB acted in line with these terms, I also need to be satisfied it was fair for them to do so.

I've seen NWB's system notes, which provide a chronological timeline of the management of the accounts. And I can see they payment arrangements set up to clear Mrs L and Mr L's arrears failed on more than one occasion. And due to this, NWB proceeded to default the accounts, which were passed to their recoveries department at this point. NWB say they regularly pass a customer's debt to a debt collection agency such as M at this point, as these agencies can provide a similar service to the one offered by their recoveries department. It is NWB's own decision to make on whether they do this, as part of their own business process. And our service is unable to direct businesses such as NWB to change business processes, this would be for the industry regular, the Financial Conduct Authority, to decide. So, I don't think I'm able to say NWB acted unfairly when taking this decision.

And I can see that reasonably soon after this, NWB wrote to Mrs L and Mr L to advise them the accounts had been transferred to M, which is what I'd expect them to do. So, I think Mrs L and Mr L were reasonably notified and because of this, I don't think NWB need to do anything more on this occasion.

I understand this isn't the outcome Mrs L and Mr L were hoping for. And I appreciate it won't help ease Mrs L and Mr L's concerns about M, and the way they are being chased for payment of the outstanding debt. But as I've explained, this decision focuses solely on the actions of M, and their decision to transfer the debt. And I think they've done so fairly on this occasion.

My final decision

For the reasons outlined above, I don't uphold Mrs L and Mr L's complaint about National Westminster Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L and Mr L to accept or reject my decision before 13 June 2022.

Josh Haskey
Ombudsman