

The complaint and background

Mrs G has complained about how National Westminster Bank Plc has responded to her financial difficulties. She says that because of NatWest's failure to help her, she now has an outstanding debt consisting largely of interest and charges that NatWest applied to her account.

NatWest looked at Mrs G's complaint but didn't think it had done anything wrong, so Mrs G referred her complaint to our service.

One of our adjudicators looked at Mrs G's complaint. She felt that NatWest should have realised Mrs G might be struggling with her account by January 2017. So the adjudicator recommended that NatWest refund to Mrs G the charges and interest incurred from January 2017 onwards and backdate any negative information on Mrs G's credit file to January 2017.

NatWest agreed to refund the interest applied since January 2017 in line with the adjudicator's findings. But Mrs G remained unhappy as she felt that the majority of the debt that would remain after the refund was still made up of interest and charges. As an agreement could not be reached, this complaint has been passed to me for an ombudsman's 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 considered everything provided, I agree with our adjudicator's findings that NatWest should have identified that Mrs G was struggling to manage her account by January 2017. So I'm satisfied that what our adjudicator has recommended is fair in all the circumstances of this complaint.

I appreciate that Mrs G feels that after the refund the adjudicator has recommended has been done, the majority of her debt will still be made up of interest and charges, but I don't agree that's the case. Looking at Mrs G's statements I can see that when she was still using her account her spending was often in excess of the income she was receiving into the account. So while I acknowledge that some of the outstanding balance will be from charges and interest that were applied prior to 2017, a large proportion of the balance is also from Mrs G's spending.

And as I've said, I think NatWest should have identified that Mrs G was struggling with her account by January 2017. This means that it is only from 2017 onwards that I think it was unreasonable for NatWest to have added any charges or interest onto her outstanding overdraft balance. The interest and charges from before 2017 were added in line with the terms and conditions of Mrs G's account. And in the absence of any evidence to show that Mrs G told NatWest she was struggling financially and needed help before 2018 – which is the earliest that NatWest's evidence shows her making contact – I can't fairly say that NatWest was wrong to add those charges and interest.

I appreciate that this will be very disappointing for Mrs G. But I hope she'll understand the reasons for my decision.

Putting things right

Having thought about everything, I think that it would be fair and reasonable in all the circumstances of Mrs G's complaint for NatWest to put things right by:

- Reworking Mrs G's current overdraft balance so that all interest, fees and charges applied to it from January 2017 onwards are removed.

AND

- As I understand an outstanding balance will remain on the overdraft once these adjustments have been made by NatWest, it should contact Mrs G to arrange a suitable repayment plan, Mrs G is encouraged to cooperate with NatWest to reach a suitable agreement. If NatWest still considers it appropriate to record negative information on Mrs G's credit file, it should backdate this to reflect what would have been recorded if it had started the process of taking corrective action on the overdraft in January 2017.

My final decision

For the reasons I've explained, I'm upholding this complaint. National Westminster Bank Plc should put things right in the way I've detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 2 June 2022.

Sophie Mitchell
Ombudsman