

The complaint

Mr E complains about information provided by National Westminster Bank Plc to credit reference agencies in relation to his credit card.

What happened

For a number of years before the events leading to this complaint, Mr E held a NatWest credit card. He had a credit limit of £15,000. By December 2017 he had exceeded that credit limit by nearly £1,000.

NatWest agreed with Mr E that he could bring his credit card account back within the limit through a payment arrangement. He would pay £401 a month, rather more than minimum monthly payment which would otherwise be required of him. But he would not have to make an immediate payment of nearly £1,000 which, but for the arrangement, would be required to bring the account back within the credit limit.

The payment arrangement ran from February 2018 until January 2019. Mr E did not miss any of the agreed monthly payments of £401. The outstanding balance on the account was reduced to less than £15,000 by April 2018 and did not subsequently rise above that figure.

In January 2021 Mr E requested a short payment break, to which NatWest agreed. He paid off his credit card balance in full in June 2021.

Mr E later complained that NatWest had recorded adverse credit information against his name. His credit reports show that credit reference agencies recorded "AR" against his account from about February 2018 to January 2019, reflecting that a payment arrangement was in place. The exact months vary slightly because of different ways of reporting. The reports also show that the account was settled in June 2021. Mr E complained that this was inaccurate, since he had not missed any payments and had in fact paid more than the contractual monthly minimum payments. He said too that he had not been told that adverse credit information would be recorded. He referred the matter to this service.

One of our investigators considered what had happened. He thought that NatWest had accurately reported the position to the credit reference agencies. Their reports showed, as was the case, that Mr E was in a payment arrangement for 12 months. But, the investigator said, NatWest was under a duty to ensure that any arrangements remained suitable for the customer. As Mr E was making more than the minimum monthly payments and had brought the account balance below the credit limit by April 2018, NatWest should have reviewed the position and ended the payment arrangement then. He recommended that the bank make appropriate adjustments to the information recorded.

NatWest agreed to the investigator's recommendations, but Mr E did not. He said that the credit limit had only been exceeded because of two disputed payments totalling more than £1,200 and which had been the subject of a complaint at the time. Had NatWest dealt with them more promptly, his account balance would have remained within the credit limit. He also made reference to other disputes, including one over his salary, which had led to the situation in which he found himself. He asked that an ombudsman review the case.

I did that and issued a provisional decision. I broadly agreed with the investigator's findings that the information recorded by the bank had been accurate; it correctly showed that Mr E had been in a payment arrangement. I noted however that the bank had agreed with the investigator's recommendation that it should remove any reference to the arrangement after April 2018.

I also discussed in my provisional decision the reasons why Mr E's account had exceeded the credit limit at the end of 2017. Mr E had explained that he had sought refunds of two payments of around £600 each in December 2017. They were payments for services which were not satisfactory. NatWest had refunded them in March 2018 and had told Mr E that it thought the refunds would resolve matters but that, if that were not the case, he could refer the matter to the ombudsman.

Since Mr E had not referred those payments to us at the time, I did not think that he could now do so, several years after the event and in the context of a different complaint. In any event, I thought that the bank had dealt with the refund request promptly.

I also noted that Mr E had explained that part of the reason for his difficulties was that he was having difficulty receiving his salary from his employer. I did not believe however that NatWest could properly be held responsible for this.

Mr E replied to my provisional decision. In summary, he said:

- The bank was aware of the reasons why he exceeded his credit limit and should therefore have done more to help – for example, by increasing that limit or stopping payments which might cause it to be exceeded.
- He thought the bank had been slow to deal with the payment dispute which had arisen in December 2017.
- He provided evidence that loans had been declined – meaning that he was unable to refinance the credit card debt, which continued to attract a high rate of interest.
- The bank has still not made the adjustments to his credit file recommended by the investigator and in my provisional 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, however, I have not changed my view from that which I reached in my provisional decision.

I note that Mr E says that NatWest has not yet made the adjustments recommended. However, unless and until Mr E either agrees to that as a way of settling the complaint or accepts an ombudsman's final decision, the bank is not obliged to make any changes. If he accepts this decision, however, it will become binding on both him and the bank.

I note what Mr E says about the bank being aware of the reasons why he was close to, and then exceeded, his credit limit. It was however for NatWest to decide whether it wanted to increase the limit to address those issues. That was a commercial decision for it to take. Rather than increasing the credit limit, it offered the payment plan to help Mr E bring his account balance back within the agreed limit. I do not believe that was unreasonable.

I am not persuaded that stopping payments that would take the balance over the credit limit would have assisted Mr E. That would have led to returned payments and, potentially, additional charges on the account. But in any event, the primary responsibility for ensuring the account was managed within the agreed limit lay with Mr E, not the bank.

As I indicated in my provisional decision, I do not believe that there was any unreasonable delay in dealing with the disputed payments in December 2017. The chargeback rules meant that the merchant had to be given time to respond and, when refunds were made, they were backdated.

I accept that there is evidence that the notice of the payment arrangement caused loan applications to be declined. I have however found that the information registered was not inaccurate, so I do not believe I can fairly say that those applications would have been successful. On any basis, credit reference agencies would have recorded the fact of a payment arrangement.

My final decision

For these reasons, my final decision is that, in order to resolve Mr E's complaint in full, National Westminster Bank Plc should arrange for the removal of payment arrangement markers on his credit file for the period after April 2018.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 1 August 2022.

Mike Ingram

Ombudsman