

The complaint

Ms H complains National Westminster Bank Plc (NatWest) haven't treated her fairly in relation to her credit card debt, specifically they:

- Said in their letter of 2 June 2021 they'd issue a default which, if this has happened, would damage her reputation
- Passed her debt to external debt collection agents when she asked them not to
- Sent two letters dated 14 July and 6 August 2021 which she didn't think they should have
- Continued to charge interest up to the point of the account defaulting

What happened

Ms H raised a number of concerns with NatWest as I've listed above.

NatWest said they didn't think they'd done anything wrong in defaulting Ms H's account or passing it over to a debt collector. They understood Ms H thought it was a breach of General Data Protection Regulations for them to have passed her debt over to a debt collector, but NatWest said the terms and conditions allow them to do this. They also felt they'd answered her concerns and didn't think there were any issues with the two letters dated 14 July and 6 August 2021 Ms H had concerns about. Regarding the interest, NatWest explained the terms and conditions of the account explain they'll continue to charge interest on any outstanding balance.

Unhappy with this, Ms H asked us to look into things. One of our Investigators did so, and ultimately didn't uphold her complaint.

Ms H didn't accept this and raised a number of concerns – the main one being she was engaging with NatWest prior to the default being applied, but they did so anyway.

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 think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Ms H's complaint in considerably less detail than she has. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

Said in their letter of 2 June 2021 they'd issue a default which, if this has happened, would damage her reputation

In April 2021 Ms H's previous payment arrangement came to an end. Prior to this, she'd been paying £1 a month towards her outstanding credit card debt.

I've looked at Ms H's statements, and these show for the months of May, June and July 2021 no payments were received. I'm also aware no payment arrangement was put in place during this time either.

The Information Commissioners Office suggests the earliest a default should be registered is when an account is at least three months in arrears – and no more than six months. So, I can't reasonably say NatWest have acted incorrectly by recording a default when no payments had been received for three months prior to them doing so.

I've noted Ms H says she was engaging with NatWest with a view to reaching a new payment agreement – and she was in the process of agreeing a new repayment plan. And she's said in the call on 28 May 2021 she tried to engage with NatWest, got nowhere, and raised a complaint.

On 2 June 2021 a Default Notice was issued which explained Ms H was in breach of the terms and conditions of her credit card account because she was in arrears by £772.03 and over the limit by £1,944.38. The letter explains Ms H can remedy this breach by repaying the arrears and bringing her account within the credit limit by 23 June 2021. As I've set out above, no payments were received during this time.

One of the consequences set out in this letter is that the account could be terminated – which is what NatWest did in their letter of 28 June 2021. This letter explained the full balance was now owing and needed to be repaid within 28 days. This meant Ms H had until 26 July 2021 to repay the balance in full at this point, or a default would be recorded.

No payment was made by 26 July 2021. So, the account was defaulted shortly afterwards. I do understand Ms H was keen on putting in place another payment plan – and NatWest's letters do say they may be able to agree a new payment plan. But I think the only way to have prevented the default being applied was for the arrears / over limit amount to have been repaid – as another payment arrangement wouldn't have stopped the default unless this happened.

I've seen nothing to suggest Ms H was in a position to afford this – so even if Ms H and NatWest had further conversations (either on 28 May when she originally called or at any time in-between), and potentially agreed a repayment plan, I think the default would still have been applied. Because of that, I won't be asking NatWest to remove the default.

Passed her debt to external debt collection agents when she asked them not to

I do understand Ms H's frustration about her debt being passed on to a debt collector – but this is something NatWest set out in their terms and conditions that they're allowed to do, and is quite commonplace when someone falls behind on their repayments and / or has had a default applied.

My understanding is the debt collectors are acting on NatWest's behalf – so I'd expect the debt still to show as with NatWest – not the debt collector. I know Ms H was worried about this so I wanted to explain that. I do though need to make it clear if NatWest had sold her debt to a debt collector, which would then show them instead of NatWest on her credit file, it's likely I'd be unable to say they'd done anything wrong. The terms and conditions of the account allow NatWest to sell on debts if they choose to.

Sent two letters dated 14 July and 6 August 2021 which she didn't think they should have

The letter dated 14 July 2021 gave Ms H's account number, the current balance of £12,172.61, the amount of arrears of £1,040.78, and said:

Despite numerous reminders, you have failed to settle or to make mutually acceptable repayment arrangements.

We must inform you therefore, that unless you telephone us on...immediately with your proposals or repayment, the debt will be referred to an external debt recover agent for collection.

Ms H has said she found this letter threatening and didn't think it should have been sent.

I can understand it would have been disappointing for Ms H to have received this letter. By this time she'd raised a number of concerns about NatWest's actions – particularly in the call on 28 May 2021.

But I don't agree this letter is threatening from an objective point of view. At this time, Ms H hasn't made any payments to the account in May and June. I think given the severity of what might happen it's important for NatWest to set out the consequences of non-payment. I also can't ignore that by the time Ms H received this letter she'd had the letters dated 2 and 28 June 2021 I referenced above – both of which also told her who to contact and how to pay the outstanding debt. So, before this letter was issued, Ms H did have multiple opportunities to contact NatWest again to discuss repaying the debt but hadn't done so.

The letter dated 6 August 2021 again provided the account number and amount outstanding (which was now £12,429.09) and said:

We have been unable to contact you or agree a suitable repayment plan therefore your account details have been passed to Z...(NatWest's debt collector) to act as a collection agent and they will now be dealing with your account.

Z... will be in contact with you during the next 14 days by letter to confirm receipt of your details. They will then look to discuss your repayment options in detail.

If you need to contact them before this time, their telephone number is...

Ms H's concerns about this letter include that two days prior, on 4 August 2021, she was told to contact NatWest's collections department to discuss repayment proposals – and then this letter says the debt has been passed on to NatWest's debt collectors. She's also unhappy the letter refers to not being able to contact her – when she'd had three phone calls and sent them two letters by this time.

I do think this is confusing and unsatisfactory. In the space of three days Ms H is given conflicting information about who to contact to arrangement repayment proposals – and the letter could have been worded better by acknowledging there had been contact, but no repayment proposals had been agreed.

I understand Ms H's viewpoint on this to be that she was unable to agree a repayment proposal because of how the call on 28 May 2021 was handled. But, at the time of the August 2021 letters Ms H had been told her account had been defaulted. It's clear from her letters she didn't want to engage with the debt collector – so following this she contacted NatWest anyway. Because of that although I think there was some confusion over the different instructions (contacting collections vs contacting the debt collector), and the letter says they've tried to contact her but haven't reached her, I think Ms H would have only

contacted NatWest anyway. So, although some confusion was caused, I don't think this has led to Ms H doing anything different than she otherwise would have.

Continued to charge interest up to the point of the account defaulting

Ms H had a credit card account with NatWest, on which there was an outstanding balance. The terms and conditions of the account explain they'll charge interest on anything charged to the card until the amounts are repaid.

As I've seen there was an outstanding balance on the account., I can't reasonably say NatWest have done anything wrong by continuing to charge interest until the account was defaulted.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 4 January 2023.

Jon Pearce
Ombudsman