

## The complaint

Mr J and Mrs J complain that National Westminster Bank Plc is charging interest on their property development borrowing.

## What happened

Mr J and Mrs J say that in July 2019 NatWest agreed to stop charging interest on the borrowing. But that it has now started applying interest again.

NatWest said that Mr J and Mrs J had asked that interest be frozen while this service considered a different complaint about their borrowing. It had agreed to this and it accepted that the wording of its email about this was misleading. NatWest said it had notified Mr J and Mrs J of its intention to charge interest again. It apologised for the confusion and distress caused.

Our investigator recommended that NatWest pay Mr J and Mrs J £100 and it agreed to do so. She said that on 29 May 2019 they had asked NatWest to freeze interest on the account until their other complaint had been resolved. A final response to that complaint was issued on 28 June 2019 and Mrs J again wrote about the interest. NatWest wrote and said *“Just wanted to let you know that interest has been stopped and no further interest will be added to the liability.”* There had been further correspondence in February 2020 when NatWest referred to charging interest but then again confirmed *“We did indeed advise no further interest would be applied to the liability, the letter advises incorrectly that interest will continue.”* On 19 May 2021 NatWest wrote to Mr J and Mrs J to say that interest was being applied and that this was to be from the date of a final decision on their previous complaint by this service of 30 July 2020. She thought that this was reasonable. But that as things could have been made clearer a payment to reflect the distress caused should be made.

Mr J and Mrs J didn't agree. They said that Mr J remembers a conversation with NatWest about this and was told that there would be no further interest. If this service had requested the telephone calls NatWest wouldn't provide to them this might establish the distress caused. The compensation isn't acceptable given the health impacts. And it's not deterrent to NatWest.

## 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 note that Mr J and Mrs J's email to NatWest of 29 May 2019 stated that *“we would ask that interest be frozen until this matter has been resolved.”* That position hadn't been clarified in a final response from NatWest and on 2 July 2019 they stated in an email that *“we would ask again that the bank freezes interest on the debt.”*

Our investigator has set out the response from NatWest in July 2019 and then February 2020. And an ombudsman colleague dealt with their earlier complaint in a final decision dated 30 July 2020 and didn't uphold that complaint or require NatWest to take any action

about interest on the account before July 2019.

So, the narrow issue I'm looking at here is whether NatWest has dealt with the request to freeze interest fairly. It was entitled to apply interest and wasn't required to freeze interest. And the position here is that interest was frozen for over a year. This was during the period that the previous complaint was considered and seemed to be what Mr J and Mrs J had asked for. And I think that NatWest's answers to them fairly need to be read and interpreted taking into account what their questions were.

NatWest's accepted that its communications about this were poor and I don't doubt that if it had spoken to Mr J about this he would have gained a similar impression. So, I don't think a call recording even if now available would help me. I'm satisfied that the intention wasn't to freeze interest permanently and this was an informal arrangement on a goodwill basis.

I also don't doubt that Mr J and Mrs J were distressed to find out about the interest again being charged and about the need to repay this borrowing generally. And I've seen their evidence about the health problems they describe.

I need here to consider the *additional* distress caused by this miscommunication and not the wider impacts of debt collection and what happened with their properties. I know that for them it is all part of the same thing. But I must fairly isolate the impact here. And I also take into account what I think their reasonable expectation about the freezing of interest could be.

We don't make punitive awards and I think that the compensation recommended is sufficient here. I appreciate that they will be very disappointed with my assessment.

### **My final decision**

My decision is that I uphold this complaint in part, and I require National Westminster Bank Plc to pay, not credit, Mr J and Mrs J with £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J and Mrs J to accept or reject my decision before 26 August 2022.

Michael Crewe  
**Ombudsman**