

The complaint

Ms F has complained that National Westminster Bank Plc (NatWest) closed one of her accounts without notice. She says this caused another of her accounts to go overdrawn and meant she missed payments.

What happened

The details of this complaint are well known to both parties, and were set out in my provisional decision, so I am not going to describe them again here.

My provisional decision

Ms F had a charge card account with NatWest. With this type of account, the balance must be repaid in full each month. In late 2020 Ms F had an £8,100 balance and she was unable to pay it as her income had been impacted by the pandemic. To assist Ms F, NatWest agreed to transfer the balance to a repayment account. This meant the balance wouldn't incur interest and Ms F could repay it over 18 months, at about £450 a month. I find this was a positive action on the part of NatWest. Although the repayment account would show as in arrears - given it was more akin to an unauthorised overdraft than a loan – the alternative was for NatWest to default the charge card account. Ms F is concerned about her credit file so I'm satisfied given the choice, she would have chosen the repayment plan.

In March 2021, Ms F couldn't afford to continue paying the about £450 a month. She asked for a payment to be reversed. This took a little while, but NatWest paid her £100 compensation in recognition of this, which I consider fair.

Later in March 2021, despite Ms F being given no warning, NatWest considered the repayment plan – for her to pay £450 a month – to be broken. And despite knowing Ms F was in financial difficulty, it proceeded to debit Ms F main current account by £5,400 to clear the repayment account. This had the effect of removing all of Ms F available funds and taking her significantly over her agreed overdraft limit, which led to numerous problems and some direct, albeit minor, costs. These included, but aren't limited to: Ms F couldn't pay her bills, including her mortgage – which resulted in a charge; Ms F had no access to money initially, and then only £500 of emergency cash NatWest provided (which she had to collect from a branch); and Ms F says she was so shocked and worried she had a panic attack. I find NatWest caused Ms F significant distress and inconvenience here.

That being said, I'm not persuaded the alternative – leaving the current account alone and defaulting the repayment account – would have been preferable to Ms F, given her concerns about her credit file. So, I've considered what would have happened differently if Ms F had been told what would happen. Having done so, I'm not persuaded she could have avoided her main current account being debited and her repayment account being cleared.

I say this because Ms F couldn't afford to keep to the repayment plan. She most likely could, however, have mitigated the impact. Ms F could, for example, have made alternative arrangements for her bills, or moved some money elsewhere so she had access to funds. And of course, she wouldn't have experienced the shock and worry she did.

I accept Ms F remains concerned her main current account is showing as in arrears on her credit file while she pays down her unarranged overdraft. But the account is in arrears and from the data NatWest has provided, I'm satisfied it's reporting that although in arrears, there is a payment arrangement in place.

Ms F understandably wants to avoid adverse information on her credit file, but there's no scope for that here. She had a debt which she couldn't repay in the way she was supposed to. As things stand, however, she has avoided a default and is repaying her debt in an affordable manner, without incurring interest or charges. Taking all of the above into account, I don't intend to require NatWest to make any changes to Ms F's accounts or her credit file.

NatWest offered Ms F £100 compensation in recognition of the distress and inconvenience she was caused. The investigator didn't consider this enough and so recommended £300 compensation. In light of my findings as set out above, and to take into account the minor direct costs Ms F incurred, I intend to require NatWest to pay Ms F £500 compensation.

NatWest didn't respond to the provisional decision.

Ms F responded to say that there were factual inaccuracies in the provisional decision. She forwarded her own timeline of events, which she said highlighted this.

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, whilst I acknowledge the timeline and considerations raised by Ms F, I am satisfied the redress I have proposed is fair.

Ms F has also said that my provisional decision is factually incorrect but hasn't pointed to anything in particular. I have considered the timeline she has provided as well as the rest of the file, and I am satisfied with what I set out. £100 was paid in March 2021 as an apology for errors and misinformation. A further £100 has been offered since the case was brought to this service.

She has highlighted the impact that this had on her, especially at the end of April 2021 and start of May 2021. However, I believe that £500 is fair compensation for this.

My final decision

My final decision is that I uphold the complaint. To put things right, National Westminster Bank Plc should pay Ms F £500 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before 12 September 2022.

Yoni Smith
Ombudsman