

The complaint

Mr Y complains that National Westminster Bank Plc (NatWest) made a series of errors on his accounts.

What happened

Mr Y had two personal loans from NatWest, each for £3,000 and taken out in April 2019 and July 2019. He fell into arrears in September 2019. In April 2020, NatWest agreed to a payment deferral on the loan payments until September 2020, with payments to resume in October 2020. But – payments started again in September 2020, due to an error. In December 2020, Mr Y was still in financial difficulty and NatWest agreed to defer payments again, with a monthly payment of £1 being made by Mr Y, with zero interest. But the full loan payments came out of Mr Y's current account again that month. Interest of £259.21 was charged. In March 2021, NatWest agreed to send Mr Y an income & expenditure form to see if he qualified for an extension to the 'financial hardship plan'; but nothing was received.

Mr Y complained. He said there had been a series of errors by NatWest, which had caused he and his wife acute distress and worry. Each time, he had to call NatWest to sort things out – which took a lot of his time and only added to his distress. And – he went into unauthorised overdraft on his current account. He said NatWest should pay compensation of £6,000.

NatWest apologised each time. In October 2020, they refunded the loan payment of £226.67 to Mr Y's current account – as it shouldn't have been made because of the payment deferral arrangement. But they later noticed that the direct debit for £226.67 hadn't been paid from Mr Y's current account – so they said the £226.67 was effectively a compensation payment. Mr Y said he'd been caused expenses of £85 – but NatWest declined to pay that.

In December 2020, NatWest said the financial hardship plan hadn't been set up properly – and loan payments of £350 were taken. These were reversed and NatWest also refunded the interest of £259.21 which had been charged in error. They paid compensation of £50.

In June 2021, NatWest apologised that the paperwork hadn't been sent to Mr Y for an extension to the deferral plan – but this was because they'd decided he didn't qualify for that due to the arrears outstanding on his loans. NatWest agreed that Mr Y should've been told that in the first place – when he first asked about the extension. NatWest waived arrears interest of £169.54, and paid compensation of £150.

Mr Y brought his complaint to us. Our investigator considered that NatWest had dealt with Mr Y's complaints reasonably. They'd put things right – in terms of adjusting the loan payments and refunded interest where necessary. She said NatWest had paid total compensation of £426.67. And NatWest had agreed to offer a further £100 to Mr Y – which he declined to accept. Overall, she felt that the total compensation was acceptable for what had happened.

Mr Y asked that an ombudsman look at his complaint.

I then considered Mr Y's complaint and issued a provisional decision which said:

As part of Mr Y's original complaint, he also brought to us a complaint about the setting up of a payment holiday in April 2020 – which led to markers on his credit file and his loans falling overdue. But this complaint was considered by our investigator to be out of time – as Mr Y didn't bring his complaint to us within six months of NatWest's final response in July 2020.

Mr Y accepted this – and so to be clear, this provisional decision deals with the other aspects of Mr Y's complaint.

It's clear to me that NatWest made a number of errors over a long period of time on Mr Y's loan accounts. I can see how frustrating that must have been. Mr Y has argued strongly about the effects that NatWest's errors had on himself and his wife. In considering the effects on his wife – our rules say that as Mr Y is the complainant here, I can't consider those in my decision. But I've read Mr Y's testimony about the effects on both he and his wife, and I sympathise with their situation.

I've seen what happened on each of the three parts of Mr Y's complaint. And each time, to be fair to NatWest, they sought to put things right. In October 2020 they refunded the loan payment of £226.67 – which was taken in error. NatWest have said that because the actual loan payment of that amount wasn't made - as the payment was returned unpaid – then the amount of £226.67 should be considered as compensation for what happened. I don't think that's a reasonable stance to take – as Mr Y will have to make that payment to his loan account eventually – as the money is still owed. So, I've taken that into account when considering my provisional decision.

In December 2020, NatWest reversed the loan payments and refunded interest of £259.21 charged in error, and paid compensation of £50.

In June 2021, NatWest apologised and waived interest of £169.54 and paid compensation of £150. Since then, NatWest have offered a further amount of compensation of £100 – which Mr Y has rejected.

And so – Mr Y's complaint comes down to whether he should be paid more compensation by NatWest. I've considered this. I discount the amount of £226.67 as being a compensation payment – as I don't think it can be seen that way. So - NatWest have paid total compensation of £200 and have offered a further £100. Our service has set down criteria for how much compensation should be paid when considering complaints. This is available on our website. We say that an award of over £300 and up to around £750 might be fair where the impact of a business's mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out.

Typically, the impact lasts over many weeks or months. I consider that Mr Y's experience falls into this category.

Mr Y has argued very persuasively about the effects of NatWest's errors – he's described the effects on his mental and physical well-being. I also bear in mind also that there were three sets of problems, and they took place over several months. And I can see that cumulatively, they did cause Mr Y considerable worry and stress and had a real impact on his life. And so - I think NatWest should be prepared to increase the total compensation payment to £400 – so making a further payment of £200 to Mr Y.

Responses to the provisional decision:

NatWest had no further comments, but Mr Y did. He said that the impact on himself and his wife should be reconsidered. He argued that his wife's illness was brought on by NatWest's errors, and this in turn, affected him (as the complainant and account holder).

I now need to consider Mr Y's points and make a final 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.

I've thought about what Mr Y has said and considered his complaint again. There's no doubt that NatWest did make a series of errors, and I accept that the stress and worry for Mr Y and his wife was significant. But – these are points that Mr Y made in his original complaint to us, and through the course of our investigation. And so - as the provisional decision set out, I had considered this.

I've thought about everything again, and I'm confident that the compensation that I proposed is the right amount for what happened, and in line with the guidelines that our service follows. And therefore – while I know Mr Y will be disappointed - I am not going to vary from the provisional decision.

My final decision

I uphold this complaint. National Westminster Bank Plc must:

- Pay compensation of £200 to Mr Y for distress and inconvenience. This is in addition to the payments of £200 already made.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 5 October 2022.

Martin Lord
Ombudsman