

The complaint

Ms S complains about that National Westminster Bank Plc (NatWest) sent her a formal demand letter before the end of a 30-day payment holiday period. She would like her account to be put back to the position it was before this issue arose, her credit file amended and have compensated her for the distress and inconvenience.

What happened

The details of this complaint are well known to both parties so I won't repeat them again here, instead I will focus on giving the reasons for my 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 I have reached the following conclusions:-

- NatWest accepts it made a mistake. Its policy is to grant a maximum of two payment holidays with any 12-month period so it shouldn't have granted a third payment holiday. It also sent Ms S a formal demand letter prior to the third payment holiday ending. As a result, it offered £100 compensation. It has agreed with our investigator's recommendation of extra £100 compensation. I don't doubt the distress to Ms S in getting a formal demand notice prior to the end of the third payment holiday. I think the total of £200 compensation is reasonable in the circumstances.
- I appreciate Ms S's concern about a default on her credit file. But I can't agree it's the right thing to do to put her account back in the position it was prior to the third payment holiday being agreed, albeit wrongly. It's clear from the information I have seen that Ms S couldn't meet her loan obligations prior to the third payment holiday being agreed and her financial position doesn't seem to change towards the end of that arrangement. As I understand it her account defaulted as she couldn't make payments or pay off the balance on her loan and that was the position prior to the third payment holiday being agreed. I think the account would have defaulted even if the third payment holiday hadn't been agreed – that action just delayed any default.
- it's important that credit files accurately reflect account history so I can't reasonably ask NatWest to amend her credit file to remove any default.

My final decision

My final decision is that NatWest has agreed a fair offer.

In full and final settlement, National Westminster Bank Plc should pay Ms S a total of £200 compensation if it has not done so already. This comprises the £100 initially offered, and the additional £100 our investigator recommended.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 15 February 2023.

Bridget Makins
Ombudsman