

## **The complaint**

Mrs T complains that National Westminster Bank Plc (“NatWest”) did not honour her £1 repayment plan and passed her account on to third-parties.

## **What happened**

In summary, Mrs T requested that NatWest honour the agreement made in February 2015 for her to pay £1 per month towards the overdraft debt that accrued on an account jointly held with her husband, Mr T. As Mr T was made insolvent, the debt was passed to Mrs T. Mrs T was unhappy that NatWest passed the debt on to three separate third-party companies since 2015 and that NatWest and the third-party companies continued to chase her about the debt.

NatWest clarified that the initial sale to a third-party company I’ll call ‘W’ was done so in error, and that it had paid Mrs T £1,150 compensation in recognition of this, and also refunded backdated charges. Following this, it had brought the account back in house and removed any adverse information from Mrs T’s credit file.

In its final response letter, NatWest said that the later instances of Mrs T’s account being passed to third parties had been done so correctly and in line with the terms and conditions of the account. In its summary to our service, it explained that the £1 repayment plan was not agreed indefinitely and such repayment plans are normally reviewed every twelve months.

Mrs T referred her complaint to our service with Mr T as her representative. Our Investigator looked into the case and clarified that we would not specifically be looking at the 2015 complaint relating to the account being passed onto W.

The Investigator felt it was reasonable that Mrs T’s repayment agreement was regularly reviewed to ensure it remained suitable for all parties involved. And they could see no evidence that NatWest agreed to accept £1 per month forever with no possibility of the plan being reviewed at a later date. They also felt that while it was reasonable that NatWest passed the debt to a third party in line with the terms and conditions of the account, they didn’t agree that passing it to one third party for just two months in July 2019, then bringing it back in house for six months before passing it onto another third-party was in the best interest of Mrs T. So, they felt NatWest should pay Mrs T £200 compensation in recognition of this.

NatWest disagreed with this in principle and maintained that it was their commercial decision to pass on the account to a third party. However, in an effort to resolve the complaint, they accepted the recommendation of £200 compensation.

Mr T, on behalf of Mrs T, disagreed with the recommendation and the view as a whole. He did not agree that the £1 repayment plan should be reviewed annually and said NatWest had agreed that the repayment plan would be in place for life. He asked for proof that this had

not been agreed. Mr T said that as NatWest had paid compensation to Mrs T in 2015 in recognition that they should not have passed the account to a third party, this means they accept they would not pass the account on in future. Finally, he said that Mrs T continued to be chased for the debt and the £200 offered was a low amount compared to the £1,150 previously paid.

As an informal agreement could not be reached, the complaint has been passed to me for 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.

Having done so, I agree with the Investigator for largely the same reasons, and I think the £200 recommended is a fair way to resolve the complaint. I'll explain why in more detail.

I want to start by explaining that I won't be commenting on the merits of the 2015 complaint Mr and Mrs T raised about the account being passed to W. However, I want to assure them that I have considered it when gaining an understanding of the background of their complaint.

Mrs T has said that the £1 repayment plan was agreed for the life of the account and it would not be subject to review. And Mr T has asked for evidence showing this was not agreed. It should be explained that where it isn't possible for me to know exactly what happened, I have to consider everything available to me to decide what I think is *more likely* in the circumstances.

In doing so, I have considered the notes made by NatWest at the time the £1 repayment plan was agreed. Looking at these, there is no mention of the plan being in place indefinitely or that it will not be reviewed in the future. In addition, I've considered NatWest's letter dated 14 April 2016 that was in relation to the previous complaint. This mentions that the account had been brought back in house with NatWest and that a new 12-month agreement had been put in place. I think the fact they mention a 'new 12-month agreement' means its more likely the previous agreement made in 2015 was also set up as a 12-month one and was not indefinite. Finally, I've considered that in my experience dealing with banking complaints, it is normal for a repayment plan to generally be reviewed periodically, normally at a maximum of 12-months, and it would be highly unusual for a plan to be put in place indefinitely.

In summary, I think it's more likely the plan was set up to be reviewed annually, and I also consider this to be reasonable to ensure it remains suitable for all parties. Because of this, I don't think NatWest has acted unreasonably when it has contacted Mrs T when these plans have expired, or a review needed to occur. And it has sent me sample copies of the correspondence it sent Mr and Mrs T over the years to this effect.

Mr T has said that because NatWest upheld Mrs T's previous complaint about the account being passed to W, this means it should not have passed the account on in 2019 and 2020. However, I disagree with this logic. The complaint made in 2015 was a standalone issue that came from an internal error on NatWest's side that can be evidenced by their internal collection notes on the system. But it does not therefore follow that NatWest was unable to reasonably pass on the debt at a later date if it was suitable. And the terms and conditions of

the account allow for this.

The terms and conditions state: *We may transfer our rights or responsibilities under this agreement to another person or organisation in the future. We'll only do this if we reasonably believe that you'll be treated to a similar standard after the transfer as we treated you beforehand.*

Considering this, I think NatWest has acted fairly and reasonably when it made the decision to pass on Mrs T's account to a third-party. While I accept Mrs T was maintaining the monthly £1 payment, there was still over £7,000 left to repay. And while it is accepted this is all Mrs T was able to repay at the time, this is not a long-term repayment plan that would reasonably repay the debt. So, it was therefore reasonable that NatWest passed the account to a third-party rather than keep it in house.

Having said this, I do accept the Investigator's finding that, considering Mrs T's customer journey with NatWest, it was not in her best interest to pass the account to a third-party for just two months before bringing it back in house for six months and then passing it onto another third party. While I appreciate Mr T's comments that the £200 recommended is low compared to the £1,150 compensation paid for the previous complaint, as I mentioned before I am not considering the merits of that complaint. Instead, I have considered the specific circumstances of the 2019/2020 collections activity of NatWest and having done so, I agree that £200 is in line with what I would have recommended in the circumstances.

In summary, I have seen nothing to suggest the £1 repayment plan was agreed indefinitely and I think it's more likely it was due to be reviewed annually. I think it is reasonable that NatWest passed the account on to a third-party company, but I agree the quick changes made in 2019 and 2020 would have been distressing for Mrs T so NatWest should pay her £200 compensation to reflect this. And I think it was reasonable that NatWest continued to contact Mrs T about the debt even though she was maintaining the £1 per month payments. As NatWest passed the account on in 2020, any collections activity from that point onwards is not the responsibility of NatWest

### **My final decision**

I uphold Mrs T's complaint in part and direct National Westminster Bank Plc to pay Mrs T £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 9 June 2023.

Rebecca Norris  
**Ombudsman**