

## **The complaint**

Miss R complains that National Westminster Bank Plc (NatWest) has made a series of mistakes, which have prevented her from dealing with a debt she has with it.

To resolve matters she'd like the bank to refund all the interest and charges it has applied over the last 6 years and pay £6,000 compensation for the distress and inconvenience caused.

## **What happened**

Miss R took out a business loan (as a sole trader) with NatWest several years ago. She closed her business and was left with an outstanding debt from the business loan.

Miss R brought a complaint to our service in 2021 about NatWest's handling of the loan. In January 2022, an ombudsman issued a final decision on that complaint. He upheld it and ordered NatWest to carry out a settlement to put things right. This included recalling the debt from a third-party debt collection company, contacting Miss R to arrange a repayment plan, and removing adverse information recorded from August 2020 from her credit file.

NatWest recalled the debt so that it was under its management. This was completed in July 2022.

Miss R raised new complaints. She didn't think she had been given relevant information to allow her to set up a repayment plan which was stopping her from dealing with the debt. She felt NatWest had been deliberately delaying things, resulting in the application of unnecessary interest, and causing her significant distress and inconvenience, as she repeatedly tried to get engagement to resolve the matter.

NatWest responded to the complaint. It noted within Miss R's complaint that she wanted all her interest and fees back, but it didn't think this was warranted. It explained that the ombudsman that had issued his decision in January 2022, had already considered this because there was reference to this point in the original complaint and no direction had been given on this as part of the redress.

The bank made an interest adjustment to the debt on 4 October 2022 for £457.96 to cover the period 31 May to 4 October, due to the delays in getting the debt back. But aside from this, it didn't think it had made any mistakes. It provided the telephone number for its Specialised Business Management Team to allow Miss R to discuss the debt.

Miss R asked us to look at her complaint because she didn't think the response was satisfactory. She was concerned that she still hadn't been able to pay anything towards the outstanding debt and felt NatWest was responsible for the difficulties. One of our investigators took a look at what had happened and reached the following conclusions:

- They noted an ombudsman had issued a final decision on Miss R's previous complaint where they had said Miss R was liable for the outstanding balance. So, they couldn't consider the interest charged before the decision.

- They could look into what had happened subsequent to the decision.
- They accepted there had been delays in recalling the debt from the third-party, as the available evidence suggested this hadn't been completed until July 2022. The investigator noted that the bank had offered Miss R £50 to say sorry for some of the service issues she'd been having over this period. But considered this should be increased by another £50 to reflect the actual impact of the initial difficulties caused in dealing with the debt.
- The investigator thought the interest adjustment by the bank in October to be fair because it covered the amount of interest charged during the delays in getting the debt back. They pointed out that before then no interest had been charged (between the period January and 30 May 2022). So, they didn't recommend a further interest adjustment or refund be made.
- Beyond this, the investigator didn't think that NatWest had made a mistake. She noted there had been some contact from Miss R but the evidence also showed NatWest had been proactively contacting her between July 2022 and February 2023 to discuss a repayment plan with no ultimate success, before getting to the point of issuing a formal demand for the loan.

The investigator also relayed some information from NatWest. She said it hadn't removed the adverse information from the credit file in response to the previous ombudsman's decision. It had explained that it could remove the existing default that was there but unless Miss R was in a position to act on the default notice now and make sufficient repayment to the loan, this would only result in a new default being recorded. This would remain on her credit file for longer (until 2029) whereas the current default would fall off in 2026.

NatWest accepted the investigator's recommendations to pay Miss R a further £50 to resolve the complaint. But Miss R did not. She responded to say that she wanted a refund of the interest over the period she had been trying to deal with the debt. The investigator didn't change her mind, so the complaint has to me for a review and 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.

#### *Parameters of this decision*

Miss R remains unhappy about the interest charged on her debt over previous years. But I must stress that I can't consider or comment on that issue. Because another ombudsman has issued a final determination on her previous complaint and in that they decided she was liable for the outstanding balance. Miss R accepted the decision. So, it follows I won't be revisiting that. I simply have no power to do so.

I can't also deal with the direction made by the ombudsman on Miss R's previous complaint dealing with the removal of the adverse information that was recorded. The investigator has given Miss R further information about it and it's up to her to evaluate it and decide what she would like to do (if anything). However, I make no finding about this issue here. However, more generally where a default is removed and there are arrears on the account, this will usually trigger a new default.

#### *Interest applied now*

Miss R is aware that interest is being applied to the outstanding balance. I've seen no compelling evidence why this shouldn't be the case as contractually this was an interest-bearing loan.

#### *Dealing with the outstanding debt*

I appreciate there are practicalities involved in retrieving a debt back from another company, but the time taken to complete the process did take a long time. And initially Miss R was contacting the bank. That said, the bank has now proposed to pay her £100 (in all) to cover any distress and inconvenience this caused. I don't think that's unreasonable. It recognises Miss R had to contact it several times, which would have both been frustrating and inconvenient.

In addition to this, I see NatWest has already made an adjustment to the debt to refund the interest Miss R was charged over the relevant delays, which is exactly what I would have expected. I've checked the loan statements and the adjustment of £457.96 covers the interest charged from 31 May to 4 October 2022. No interest was charged before that during January to 30 May 2022. So, with this in mind, I'm satisfied the overall offer to pay £100 along with the interest adjustment (already made) is fair and reasonable in all the circumstances.

Accepting there were some delays as above, I've gone on to consider what happened once the debt was back in the bank's management. Miss R says that she still hasn't been able to deal with the outstanding debt and believes NatWest is responsible. But having reviewed the available evidence I don't entirely agree. I've examined the contact notes from July 2022 and also contacted the bank to understand the current position. While there has been some occasional contact from Miss R, NatWest has made a number of reasonable attempts to contact her. There have been several conversations but unfortunately an income and expenditure assessment hasn't been *fully* completed. At times some calls have disconnected and when the bank has tried to call back, it hasn't been able to get hold of her.

A fully completed and up-to-date income and expenditure assessment is required to decide what Miss R can afford to pay and it's not unreasonable to say this is done over the phone. Without a detailed discussion matters cannot move forward because the bank needs to have a clear understanding of her financial situation to avoid any plan failing. So overall, I find no error on NatWest's part. And it follows there's no basis for requiring further interest to be refunded.

NatWest has provided a telephone number which Miss R can call to complete a new income and expenditure assessment and I would strongly urge her set aside some time to go through this with it. I will ask the investigator to relay the number. Or if she prefers NatWest can call her as previously attempted.

#### *£50 cheque*

I've said above that the bank's offer to pay £100 is fair. But note that the first £50 it offered was sent by cheque in July 2022. This cheque will be out of date now. NatWest has agreed to raise a new one and when complying with my decision it should pay the directed amount of £100 in total (as set out below).

I'm sorry to disappoint Miss R. But this brings to end what this service can do to help in relation to this complaint.

**My final decision**

My final decision is that National Westminster Bank Plc should pay Miss R £100 to settle the complaint. I make no other award or direction.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 17 August 2023.

Sarita Taylor  
**Ombudsman**