

The complaint

Mr E complains National Westminster Bank Plc failed to treat him fairly regarding debt owed on his overdraft and a personal loan when they closed his accounts. He says they refused to discuss reasonable ways forward to repay what he owed, sent him contradictory information, and unfairly recorded defaults against both accounts. He wants the default removed from his personal loan account and compensation for how he was treated.

What happened

The following repeats the facts I set out in my provisional decision. They are repeated for the purposes of issuing this final decision.

Mr E brought several other complaints to our service regarding NatWest. Those complaints are not reconsidered here. But it's important I highlight his other complaint about unaffordable lending regarding his overdraft. The ombudsman for that complaint decided NatWest lent irresponsibly to Mr E and Mr E's credit file shows no default is now recorded.

This final decision concerns whether NatWest treated Mr E fairly with regard to the repayment of his debt for his personal loan and overdraft.

The relevant background facts to Mr E's complaint are:

- NatWest decided to close all of Mr E's accounts in early January 2020. They called in the debt for his overdraft and said he needed to keep to his contractual loan repayments.
- Mr E contacted NatWest throughout this period after receiving a series of letters. He wanted to agree a way forward to make reasonable repayments towards his debt, as he was experiencing some financial difficulties around that time.
- I've read all the letters NatWest and Mr E have presented but find no need to comment on every letter. It's clear however, that at least one letter told him he could contact NatWest to discuss potential ways forward to repay his debt.
- NatWest's records indicate they refused to discuss other ways forward to repay his debt.
- Mr E's credit file shows NatWest began reporting a default regarding his personal loan on 31 March 2020. They passed his debt to a debt collection agent acting on their behalf.

I issued a provisional decision upholding Mr E's complaint. I said:

"I'm not satisfied NatWest demonstrated they fairly considered Mr E's circumstances regarding his debt. From what I see Mr E failed to make one loan payment in November 2020, after which he made a further loan repayment. Then NatWest decided to close his account."

Mr E said he wanted to discuss potential ways to repay his loan and overdraft due to experiencing some financial difficulties at the time. But he says NatWest refused to engage on what they could do to help. On reviewing the available evidence, I agree NatWest didn't try to discuss potential ways forward with him.

NatWest has various responsibilities towards customers to see how they can help when they are in financial difficulties. They should act with appropriate forbearance and due consideration. Acting with forbearance and due consideration can mean different things depending on each customer and wider circumstances. But it can mean looking at a customer's income and expenditure to see whether a repayment plan is possible or payment holidays to allow a customer the opportunity to recover their financial position.

I've considered NatWest's submissions, but I haven't seen a persuasive reason for them not to have engaged with Mr E on exploring ways to help him repay his debt. I don't find them terminating his accounts means they could forgo their responsibilities. And, while I have considered their reason(s) for closing his accounts, which I have treated in confidence, I don't find them sufficient to warrant not engaging on ways they could help him.

Mr E repaid his debt in full in 2021. Prior to this he says as his account had been defaulted, he focused on repaying other non-defaulted debt he held elsewhere. So, I don't find what he paid to NatWest's collection agent indicative of what he could have paid had NatWest discussed his circumstances with him as they should have.

Neither have I seen telling evidence that Mr E's circumstances were such that NatWest couldn't have agreed a reasonable way forward which wouldn't have resulted in a default.

On reviewing the letters NatWest sent to Mr E before they recorded defaults, I understand why he was confused. Some letters said he could contact them to discuss ways forward to repay his debt, but the other evidence indicates they weren't open to discussing alternative ways to help him when he was experiencing financial difficulty. I have no doubt this caused some him concern and frustration."

To put matters right I said NatWest should:

- *"Remove the default marker from Mr E's credit file in relation to his loan*
- *Pay Mr E £500 for unfairly recording a default marker, which considering how long it has been recorded would have caused him concern and worry over a prolonged period. This sum also accounts for the potential that he may not have been able to benefit from certain lending products due to the marker's presence.*

Mr E referred to not being able to agree a new rate on his mortgage as a result of the marker. This may well have been the case, but there are many variables which affect a lender's decision, and I haven't seen persuasive evidence to show he could have agreed the rate he wanted if the marker didn't exist.

I've also borne in mind that even if a default marker wasn't recorded, this doesn't mean NatWest might not have fairly recorded other information in the event a repayment plan was agreed, which could also affect lending decisions. Similarly, Mr E described being in financial difficulty at certain times, which would likely affect the affordability considerations of lenders."

Since I issued my provisional decision both Mr E and NatWest responded within the

deadline to accept my provisional decision. As a result, I have now proceeded to make a final decision, so that Mr E is provided with a decision he can accept so it is legally enforceable in court should the need arise.

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 decided to uphold Mr E's complaint for the same reasons I gave in my provisional decision. Those findings are repeated above and now form the basis for this final decision.

Putting things right

Subject to Mr E accepting this final decision within the deadline below, I direct National Westminster Bank Plc to:

- Remove the default marker from Mr E's credit file in relation to his loan.
- Pay Mr E £500 for unfairly recording a default marker, which considering how long it has been recorded would have caused him concern and worry over a prolonged period.

My final decision

I've decided to uphold Mr E's complaint. National Westminster Bank Plc need to put matters right in accordance with my above direction.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 8 November 2023.

Liam King
Ombudsman