

The complaint

Mr G complains about charges and interest applied to his account by National Westminster Bank Plc during a period of financial difficulty.

What happened

Mr G held a bank account with associated overdraft of £4,950 with NatWest for several years. Mr G has explained that his account was generally operating in an overdrawn position from the middle of 2018. Mr G's bank statements show he was gambling at a reasonably high level from this time.

Mr G's told us that in November 2019 he became ill and had to take time off work that meant his income reduced to Statutory Sick Pay. Mr G's bank statements show that in July 2020 he started receiving benefits. Mr G's explained he suffers with significant mental health difficulties that have impacted his income.

In March 2022 Mr G contacted NatWest and raised concerns about the way his account had been handled during an obvious period of financial difficulties. Mr G asked NatWest to supply a summary of interest and charges applied to his account over the years.

NatWest referred Mr G to its Specialist Support Team which arranged for interest and charges to be suspended on his account. A payment arrangement of £80 a month was agreed in October 2022 followed by a formal debt management plan (DMP) for the same amount in December 2022. NatWest went on to withdraw Mr G's overdraft facility and reported a default on his credit file.

Mr G complained to NatWest about the interest and charges applied to his account and that there was a lack of options to avoid default. NatWest issued a final response on 27 January 2023 but didn't uphold Mr G's complaint.

An investigator at this service looked at Mr G's complaint and upheld it. They thought Mr G's account statements showed he'd been borrowing at an unsustainable level for some time and said NatWest should've stepped in sooner. The investigator asked NatWest to refund all interest, fees and charges Mr G had incurred from October 2018 onwards. NatWest agreed and later refunded interest and charges totalling £3,699.24 leaving an outstanding balance of £525.51. NatWest also agreed to remove any adverse information recorded on Mr G's credit file.

Mr G asked the investigator to relook at the complaint following a delay in the proposed settlement. Mr G explained he still felt NatWest had failed to pay due regard to the fact he's a vulnerable consumer. The investigator thought that NatWest had dealt with Mr G fairly once he advised he was experiencing financial difficulties and didn't ask it to take further action.

Mr G asked to appeal and said there were clear signs he was financially vulnerable going back to October 2018, including a move from regular pay to benefits income. Mr G added that he feels NatWest failed to accommodate his vulnerability caused by mental health and failed to recognise it had been negligent whilst he was living off overdraft funds. As Mr G asked to appeal, his complaint has been passed to me to make a 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'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

Like the investigator, I think there were signs Mr G's overdraft use was unsustainable going back to October 2018. Whilst Mr G was still in receipt of a regular income, he was generally overdrawn and a substantial amount of his money was used for gambling each month. Mr G was incurring regular overdraft interest and charges which was contributing to the situation. As Mr G's said, his income reduced in late 2019 and in July 2020 it went down further when he started to receive benefits. Looking at Mr G's account use, I'm satisfied NatWest should've stepped in around October 2018 to ask Mr G about his circumstances and check whether it could offer support.

I'm pleased NatWest agreed to refund the interest and charges applied to Mr G's account from October 2018 onwards. It's led to a reduction in the outstanding balance, leaving £525.52 to pay at the time the settlement was put in place. The investigator's recommendation said NatWest should amend Mr G's credit file to remove the default and should only record adverse information prior to October 2018.

I recently contacted NatWest and asked for further guidance explaining the amendments it made. NatWest's case handler responded to say it had followed the settlement the investigator gave in the view as it only needed to amend Mr G's credit file *once* the full balance was clear. But I've read the investigator's settlement which says that if an outstanding balance remains, NatWest should ensure an affordable repayment plan is in place *and* amend his credit file so no adverse information is reported after October 2018. There was no provision, where a balance remained outstanding, for the adverse information from October 2018 to remain on Mr G's credit file. So, if Mr G accepts this final decision, NatWest will need to take steps to ensure any adverse information recorded about Mr G's account from October 2018 is not reported on his credit file.

Mr G recently contacted us to say that from the end of October 2023 NatWest had again recorded the account as being in default with at least one of the credit reference agencies. As noted above, if Mr G accepts this decision, NatWest will be required to ensure no adverse information, including the default, is recorded on his credit file in relation to how the account has been administered since October 2018. That isn't contingent on the full balance being repaid first.

I understand Mr G felt there were unreasonable delays once NatWest agreed to issue the refund. The investigator asked NatWest to settle on 20 June 2023 and it wrote to him to confirm the figures around eight weeks later. But NatWest has recently provided systems

evidence to show it applied the refund to Mr G's account on 26 June 2023. I haven't seen evidence of undue delays when arranging the refund. I need to explain that we can't deal with a complaint before a business has had a chance to respond. And, more importantly, the Financial Ombudsman Service doesn't have the necessary powers to consider complaints about *complaint handling* in its own right. So whilst I note Mr G's concerns and understand how frustrating he found the process of NatWest arranging settlement, it's not an issue that I'm able to make a decision on or award compensation for.

NatWest also confirmed that following Mr G's payment of £80 on 1 December 2023 a balance of £240 remained outstanding. If Mr G made his 1 January 2024 payment of £80, two further payments at that level will clear the outstanding balance.

In response to the investigator, Mr G explained he felt NatWest had failed to identify him as a vulnerable consumer in good time. Mr G also said that once NatWest was notified about his circumstances in March 2022 it failed to provide a reasonable level of support. As I've said above, I agree there were signs Mr G was struggling financially from October 2018 and that it would've been reasonable for NatWest to step in around that time. But I don't think the information on Mr G's statements on its own would've identified Mr G as vulnerable or suffering with mental health concerns in its own right.

Mr G's explained that when he made NatWest aware of his circumstances in March 2022 it was overly officious and required proof of his mental health condition and financial circumstances. I can understand why providing this information would've felt intrusive. But given the information Mr G had provided, I think NatWest fairly sought to verify it was told. And before NatWest could offer financial support by way of reduced payments or suspending interest and charges, it had to consider what Mr G was able to afford. I haven't been persuaded it was unfair for NatWest to ask for reasonably detailed information to verify what Mr G told it about his circumstances.

In his complaint form, Mr G told us that he agreed a payment plan of £80 a month in October 2022 which was affordable. I think that reflects the fact NatWest had information about Mr G's circumstances and was able to reach a payment plan that he could meet each month. Mr G's gone on to confirm the payment plan was taken over by a DMP at the same level a couple of months later. In my view, the fact a third party debt advisory service reached the same payment arrangement under the DMP that NatWest had previously agreed shows the arrangement was affordable in light of Mr G's circumstances.

Mr G added that NatWest didn't send him a concise report setting out the interest, fees and charges applied to his account. I agree with Mr G that it would've been better if NatWest had that information easily at hand when he requested it. But I haven't found its failure to provide that level of detail was unfair overall given regular monthly statements showing the level of interest and charges applied to Mr G's account have been issued. That meant there was a way for Mr G to obtain the figures he wanted, albeit by going through his monthly statements.

For the reasons I've set out above, I agree with the investigator that NatWest missed opportunities to provide support going back to October 2018. I'm pleased NatWest agreed to refund all interest, fees and charges applied to Mr G's account from that date and I'm satisfied that's a fair way to resolve his complaint in addition to removing adverse information recorded on his credit file. As a result, I'm going to proceed on that basis and uphold Mr G's complaint.

My final decision

My decision is that I uphold Mr G's complaint and direct National Westminster Bank Plc to settle as follows (if it hasn't done so already):

- Re-work Mr G's current overdraft balance so that all interest, fees and charges applied to it from October 2018 onwards are removed

AND

- If an outstanding balance remains on the overdraft once these adjustments have been made National Westminster Bank Plc should contact Mr G to arrange a suitable repayment plan for this. If it considers it appropriate to record negative information on Mr G's credit file, it should backdate this to October 2018 (if it hasn't done so already)

OR

- If the effect of removing all interest, fees and charges results in there no longer being an outstanding balance, then any extra should be treated as overpayments and returned to Mr G, along with 8% simple interest on the overpayments from the date they were made (if they were) until the date of settlement. If no outstanding balance remains after all adjustments have been made, then NatWest should remove any adverse information from Mr G's credit file

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 15 February 2024.

Marco Manente
Ombudsman