

The complaint

Miss R complains that National Westminster Bank Plc unfairly recorded a default against her. She'd like the default removed and compensation for the impact.

What happened

Miss R had an account with NatWest.

On 27 April 2022 NatWest sent Miss R a letter advising that her account will be closing in 60 days, on 27 June 2022. The letter also stated any debts, including overdrafts, would need to be repaid before the account was closed otherwise NatWest may report this to credit reference agencies and pass the debt on to a debt recovery agent.

Miss R had an overdraft with NatWest with a balance of over £3,000. This wasn't repaid before 27 June 2022, and NatWest sold the debt to a business I'll call W. They also loaded a default on her credit file.

Miss R was contacted by W, and set up a repayment plan paying £121.83 a month. Miss R's first repayment was made in November 2022 and she made further payments in December 2022 and January 2023.

Miss R complained to NatWest about the loading of the default, and her credit file not reflecting that she was in an arrangement to pay which she was maintaining. NatWest looked into her complaint and agreed – they removed the default and amended her credit file to show an arrangement to pay. They also offered Miss R £150 in compensation for the inconvenience caused.

Miss R wasn't satisfied with NatWest's review, so brought her complaint to our service. Miss R explained she'd been unable to obtain a mortgage due to the negative information on her credit file, and it's caused her and her family significant stress and anxiety.

On our service contacting NatWest, they reviewed their initial response to Miss R's complaint – and explained they'd made an error. They argued they'd followed a fair process in giving Miss R 60 days' notice to repay the debt, which she didn't do, and therefore it was reasonable for them to load the default. And they re-amended Miss R's credit file to reflect a default instead of an arrangement to pay.

One of our investigators looked into Miss R's complaint. They thought NatWest should have done more prior to issuing the default and caused Miss R inconvenience – they recommended that NatWest should remove the default and pay £250 compensation.

But NatWest didn't agree, and argued they'd given Miss R 60 days to repay the overdraft balance and as she didn't do they'd acted fairly in loading the default.

A second investigator was allocated Miss R's complaint. They reached a different conclusion. On reviewing the evidence they thought NatWest acted fairly in loading the default and the offer of £150 for poor service was fair. And they didn't ask NatWest to do

anything further.

Miss R didn't agree. So the case has been referred to me to decide.

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 won't be asking NatWest to do anything further – I'll explain why below.

On 27 April 2022 NatWest sent Miss R a letter informing her that any debt would need to be repaid within 60 days by 27 June 2022. But this didn't happen, and Miss R only started making repayments in November 2022.

Miss R argues that she was only aware of the need to repay the debt when W contacted her in November 2022 – and at that point she set up an affordable repayment plan, paying £121.83 a month. She believes that for this reason the loading of the default was unfair – and her credit file should instead record she's in an arrangement to pay.

A default is recorded when a consumer is unable to meet their financial obligations. NatWest gave Miss R 60 days' notice to repay her overdraft. But, if Miss R had made contact with NatWest during this time, and explained she was unable to pay, I'd expect NatWest to treat her positively and sympathetically – and agree an affordable repayment plan *if* this meant the debt would be repaid in a reasonable timeframe.

I appreciate that Miss R says she didn't receive the account closure letter, advising of the need to repay the debt. However this doesn't mean NatWest have failed in their responsibilities. I've seen a copy of the letter, and I'm satisfied it was sent – giving Miss R the notice of the need to repay. It isn't NatWest's responsibility to ensure the letter was delivered – this isn't something within their power.

Even if Miss R *didn't* receive the letter, I'll need to consider whether it would have made any difference if Miss R had been aware of her need to repay the debt by 27 June 2022. But, I'm afraid I don't think it would. I say this because when Miss R was contacted by W in November 2022, her affordability was assessed and Miss R was only able to repay £121.83 on a monthly basis. The debt Miss R owed was over £3,000, and at £121.83 a month it would take her over 2 years to repay the outstanding debt. Due to the time it would take for Miss R to repay the debt I wouldn't expect NatWest to accept this proposal, and agree to the arrangement. It follows, I can't conclude NatWest unfairly loaded the default.

I'm aware that when NatWest first reviewed Miss R's complaint they thought they'd made an error in loading the default. And offered Miss R £150 compensation – I understand that a cheque was sent to Miss R but she no longer has this. If Miss R wishes to accept this compensation, and wants a new cheque issued, she'll need to contact NatWest directly.

I understand this will disappoint Miss R but for the reasons I've outlined above I won't be asking NatWest to do anything further.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 28 February 2024.

Jeff Burch
Ombudsman