

The complaint

Mr P complains National Westminster Bank Plc (NatWest) misinformed him about the application of interest to his new credit card account.

What happened

Mr P opened a credit card account with NatWest for a balance transfer to allow time to pay interest from another account. The account had a large amount of available credit and 23 months at 0% on balance transfers. He said it also carried 0% interest on purchases in the first three months, and although he hadn't intended to use this, he had to make purchases.

Mr P contacted NatWest on 6 May 2023 via its chat line to check the terms of the 0% on purchases and was told this was for the first three months and then 23 months to pay it off. He said on this basis he made purchases for the full three months. In July 2023 he queried the terms again and was told the 23-month period started when he opened the account.

Mr P then incurred interest charges after the account had been opened for three months and said NatWest told him he hadn't been making payments, although he had been making the minimum payments for his purchases. Mr P complained to NatWest and said its response didn't take into account the information provided on the chat line.

NatWest apologised to Mr P for not dealing with his complaint and paid £30. NatWest said that 0% was only on the three-month period and interest would then be added at standard rates. Mr P said the information from the chat line was misleading and led to his purchases on the account. NatWest looked again and said it was *'clearly evident that you had been misinformed'*. NatWest paid Mr P £50 for distress caused and refunded the interest of £101 he incurred, and waived interest on his purchases for the next three statement cycles.

Mr P said this didn't go far enough and referred his complaint to our service. Mr P wants NatWest to reverse charges and allow 0% to apply for the 23-month period on purchases as stated on its chat line. He said this would allow him time to clear the card without defaulting or incurring charges, at a manageable rate. Mr P referred his complaint to our service.

Our investigator recommended the complaint be upheld. She said information about the purchases period was available to Mr P, but he was misinformed on NatWest's chat line. She said given that Mr P has a large balance on his card, it's unfair for him to have to try to clear this within three months when he was under the impression he would have 23 months. She said NatWest should go further and waive interest for six months from the date of its final response letter, and reverse the interest already accrued.

Mr P said the investigator's report is fair but doesn't go far enough to alleviate the strain on his family. He said an interest forbearance period of 16 months would be fair and allow him to close the account. He said NatWest has added interest to the account despite the ongoing dispute. Mr P requested an ombudsman review his complaint. NatWest agreed to the investigator's recommendation for resolving the complaint.

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.

Mr P complained because NatWest caused him confusion about the interest charges on his credit card account and he was under the impression that his card had 0% interest offer on purchases for a longer period. I can see that Mr P checked twice about incurring interest on the account and was told the same thing by NatWest on its chat line - interest on purchases in the first three months would not be charged for a 23-month period.

I can see NatWest's point that the correct information about the account was set out within the promotional material about the balance transfer offer, on its website and on Mr P's account statements. However, Mr P was entitled to seek clarification as he felt unsure of the specifics of the offer. I'm pleased that NatWest apologised for the confusion caused by misinforming Mr P about the duration of the 0% offer on purchases and balance transfer applicable on his account.

I have reviewed the circumstances of Mr P's complaint to see if the redress put forward by our investigator and agreed by NatWest is fair.

I can see that Mr P had a large balance on his credit card, and he said it was unfair for him to have to try to clear this within three months when he was under the impression that he would have 23 months. I'm pleased to note that Mr P has managed to clear the high interest part of his account, and I have to bear in mind that it was not NatWest's fault that Mr P had a large credit balance on his account.

NatWest has compensated Mr P £80 for the service error and refunded the interest incurred on the account, which was initially £101. NatWest has agreed to the investigator's recommendation that it should waive interest for six months from the date of its final response letter, and reverse the interest already accrued.

Having considered the impact of the misleading information on Mr P I think, overall, that the resolution put forward by the investigator is fair. Mr P has made regular payments to reduce the balance and waiving the interest charges for a six-month period may give him enough time to meet his intention to clear and close the account, or at least the opportunity to plan his finances in a manageable fashion following on from this period.

NatWest has paid Mr P £80 compensation. I think for the compensation to be in line with what we have seen in similar complaints to Mr P's, it needs to be £100, and so NatWest should pay the £20 difference. NatWest has already removed some interest applied to the account and it will need to go further and remove the interest applied to his account during the six-month period. Once NatWest has done this I think a fair and reasonable outcome to the complaint that addresses the problems caused to Mr P has been reached.

Mr P said NatWest are still charging interest on his account despite the ongoing dispute. NatWest is entitled to continue to charge interest on the account during a complaint, and not to do so could have led to a large payment owed by Mr P at the end of the long period of his complaint.

My final decision

For the reasons I have given it is my final decision that the complaint is upheld. I require National Westminster Bank Plc to pay Mr P compensation of £100 for the impact of the poor information it provided to him, less compensation it has already paid him.

I also require National Westminster Bank Plc to waive the interest it would otherwise apply to Mr P's account for a period of six months from the date of its second final response letter, and reverse the interest already charged to the account in this period.

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

Andrew Fraser
Ombudsman