

The complaint

Miss T is unhappy that National Westminster Bank Plc ("NatWest") consider her to have an outstanding balance which she feels she's repaid and didn't provide accurate statements to her about her outstanding balance.

What happened

Miss T had several accounts with NatWest that were defaulted approximately ten years ago. NatWest instructed solicitors to collect the combined outstanding debt owed by Miss T, and Miss T engaged the services of a debt charity to help her manage and repay her debt.

Recently, the debt charity told Miss T that she had repaid the full amount she owed to NatWest. But NatWest didn't agree and said that Miss T still owed £916.65. Miss T wasn't happy about this, so she raised a complaint.

NatWest responded to Miss T and confirmed that she still owed £916.65 to them. Miss T wasn't satisfied with NatWest's response, so she referred her complaint to this service.

One of our investigators looked at this complaint. But they noted that NatWest weren't obliged to send regular statements about the debt as Miss T felt should have been the case, and they felt that NatWest's calculations of the amount Miss T still owed were likely to be accurate. Miss T wasn't satisfied with the view of this complaint put forward by our investigator, so the matter was escalated to an ombudsman for a final 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 issued a provisional decision on this complaint on 14 November 2023 as follows:

I requested details of all payments credited to Miss T's debt from NatWest. Having received this information it's clear that the statements Miss T was receiving from the solicitors doesn't correspond with NatWest's understanding of the amount of the debt on the dates of the sent statements. And this immediately leads me to believe that an accounting mistake has been made either by the solicitor NatWest appointed, or by NatWest themselves.

I also received information from the debt charity about all the payments sent to NatWest in regard to Miss T's debt. I've then referenced this information with the information I received from NatWest. And, having done so, not only do I presently feel that Miss T has fully repaid her debt to NatWest, but I also feel that Miss T has made overpayments to NatWest.

The information I received from NatWest and the debt charity allows me to take as a starting date 26 August 2014, at which time NatWest show that Miss T owed a total amount of £12,245.18. But the debt charity has been able to demonstrate to my present satisfaction that since that date, Miss T has made payments to NatWest of £14,858.13 This means that I presently consider Miss T to have overpaid NatWest by £2,612.95.

As such, my provisional decision is that I uphold this complaint in Miss T's favour and that NatWest must reimburse £2,612.95 to Miss T along with 8% simple interest on that amount calculated from the dates of overpayment as per the debt charity payment information previously sent to NatWest to the date that NatWest make the reimbursement.

Before writing this provisional decision, I sent full details of the payment information from the debt charity to NatWest to give them the opportunity to clearly demonstrate the accuracy of their own accounting to me, including clearly showing what payments listed as being made by the debt charity they felt hadn't been received. But NatWest didn't do this, and so I can only reiterate that my present position is that I find the information received from the debt charity about the payments sent to NatWest to be persuasive.

Should NatWest disagree with my provisional decision here, it would be expected that NatWest would undertake the detailed assessment of the debt charity payment information that was already expected of them. And this would include searching for any payments that the debt charity says were made but which NatWest presently have no record of.

Finally, I feel that what I presently consider to be the misadministration of this debt by NatWest has caused Miss T a significant amount of worry and inconvenience she reasonably shouldn't have had to incur. And because of this my provisional instructions here also include that NatWest must make a further payment of £500 to Miss T as compensation for this trouble and upset.

NatWest responded to my provisional decision and challenged the accuracy of my findings. This caused me to request further information from NatWest and Miss T (and the debt charity which she engaged) regarding the payments made to the accounts. And in turn, this has led me to reassess my position on this complaint and to issue an updated provisional decision on 15 January 2024, as follow:

My initial reconciliation included payments made to NatWest by the debt charity in regard to a credit card debt which Miss T also has with them. But this credit card debt it not a part of this complaint – which is regarding the combined loan and overdraft debt that Miss T had with NatWest. As such, I've removed the credit card payments from my consideration.

Secondly, the debt charity has confirmed that a series of payments that they'd listed as being made to NatWest on Miss T's behalf were in fact regarding a separate debt to a different bank. Accordingly, I've removed these payments from my consideration also.

What I'm left with are payments made by the debt-charity on Miss T's behalf to NatWest regarding her loan and overdraft debt. The debt charity has provided this service with the debt amounts at the time it was engaged by Miss T in October 2013, and it lists those outstanding balances as being £12,127 for the loan and £999 for the overdraft respectively. This equates to a combined balance of £13,126.

NatWest, on the other hand, begin the reconciliation that they've compiled at a later date, and list balances of £963.73 for the overdraft and £11,281.45 for the loan as of August 2014. This is a combined balance of £12,245.18 as of August 2014.

This means that NatWest have a combined balance in August 2014 (£12,245) which is approximately £881 less than the debt charity record that Miss T owed in October 2013 (£13,126). And while the reconciliation provided by the debt charity does list several payments made towards these debts on Miss T's behalf between October 2013 and August 2014, these payments only amount to £816. As such, I feel that any discrepancy in the

balances recorded by NatWest as of August 2014 are most likely to be in Miss T's favour.

From August 2014, NatWest record payments received towards the loan and overdraft debts totalling £11,328.53, leaving a balance outstanding – as per their calculations – of £916.65. Conversely, from August 2014, the debt charity record payments sent to NatWest in respect of the loan and overdraft debts of £9,382.

This means that the debt charity record considerably less payments being sent to NatWest regarding the loan and overdraft debts than NatWest have record of receiving. As such, I feel that NatWest's records are likely to be the more accurate here, and that any discrepancy that may exist in the calculations is more likely than not to be in Miss T's favour.

In short, upon review, I feel that NatWest's calculation – that Miss T still owes £916.65 – is likely to be correct. And while I appreciate that this is a significant change from my previous provisional decision, it must be acknowledged that the calculation I undertook in my previous provisional decision was flawed, given that it included payments made to the credit card debt owed by Miss T, which shouldn't have been the case.

However, while it seems likely that Miss T does still owe £916.65 to NatWest, it doesn't appear that NatWest have kept Miss T or the debt charity accurately apprised of the correct outstanding balance during the time that Miss T has been making payments towards it.

I say this based on four letters from NatWest to Miss T which have the following dates and total outstanding balance for this debt, and which I list with the correct outstanding balance at that time, as per NatWest's most recent reconciliation:

<u>Date</u>	<u>Stated Balance</u>	<u>Correct Balance</u>
25 January 2021	£6,253.01	£4,414.33
19 July 2021	£5,611.84	£3,773.16
01 July 2022	£3,544.93	£1,706.25
29 July 2022	£3,544.93	£1,451.96

I'd considered whether the letters in question might have been inclusive of the credit card debt as well. But I note that the 19 July 2022 letter refers to an acceptance of a £117.37 per month payment offer – which was the amount Miss T paid at that time towards the combined loan and overdraft debt. As such, I'm satisfied that the incorrectly stated amounts weren't inclusive of any additional debt beyond the combined loan and overdraft balance.

But I also note that the debt charity wrote a letter to NatWest on 25 June 2021, wherein it made the offer of £117.37 and noted a balance outstanding of £5,729.21 at that time.

I feel this is important because, while that balance of £5,729.21 is now understood to be incorrect, with Miss T owing approximately £1,900 less than that amount, Miss T has claimed that her debt charity believes the debt she owed to NatWest for the loan and overdraft to have been repaid. But the debt charity acknowledged the incorrect balance of £5,729.21 in June 2021. And by their own reconciliation, they didn't make payments totalling that amount to NatWest since that date. As such, I struggle to understand why or how the debt charity believes that Miss T has repaid her debt to NatWest.

Also importantly, while NatWest didn't keep Miss T correctly apprised of the correct outstanding balance, their mistake was that they stated the outstanding amount as being more than it was. And it wasn't the case that NatWest told Miss T that she owed less than she actually did, such that Miss T might have paid that lesser stated amount and believed that she had repaid her debt on that basis.

However, it does remain the case that Miss T hasn't been kept accurately informed of her outstanding balance with NatWest, whose most recent reconciliation – which reduced the amount they considered Miss T to owe to them – took place after this complaint had been referred to this service.

All of which means that my position on this complaint has now changed. This is because the amendments to my understanding of the money that Miss T has paid to NatWest means that I now believe that Miss T does most likely owe the £916.65 to NatWest as they maintain. And, given what I believe is the legitimacy of this amount, I feel it's fair that NatWest should still consider Miss T liable to repay it.

But I do feel that NatWest's failure to keep Miss T accurately informed as to the amount she has outstanding has caused Miss T a degree of upset and inconvenience that she reasonably shouldn't have had to endure. And given that Miss T has been questioning her balance with NatWest since September 2022, I feel that the frustration and trouble she's incurred has been significant.

For this reason, my amended decision is that I'll be again provisionally upholding this complaint in Miss T's favour and instructing NatWest to make a payment of £500 to her as compensation for the trouble and upset she's incurred. But I won't be issuing any instruction to NatWest regarding the £916.65 they consider Miss T to still owe to them, because I feel that this is most likely correct. And I'll also be allowing NatWest to apply the £500 that I'm awarding to Miss T as compensation to reduce the balance they still consider outstanding from £916.65 to £416.65, should they wish to do so.

In my updated provisional decision letter, I gave both Miss T and NatWest the opportunity to respond and provide any comments or new information they might wish me to consider before I moved to issue a final decision. Miss T responded and explained that she remained unhappy with how NatWest had handled this matter, including the inaccuracy of their accounting, but didn't disagree with my updated provisional decision. NatWest also responded and confirmed that they had nothing further to add.

Accordingly, I see no reason not to issue a final decision whereby I uphold this complaint in Miss T's favour on the basis described above. And I therefore confirm that I do uphold this complaint on that basis as my final decision.

Putting things right

NatWest must make a payment of £500 to Miss T, although they can use this payment to reduce the amount that Miss T still owes to them, should they choose to do so.

My final decision

My final decision is that I uphold this complaint against National Westminster Bank Plc on the basis described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 12 March 2024.

Paul Cooper
Ombudsman