

The complaint

Mr R complains National Westminster Bank Plc didn't record the date of his default correctly or update his default to show his debt as settled or let him know that it had decided not to pursue him for the debt. He complains that National Westminster Bank Plc caused him significant distress and inconvenience as a result, for which he hasn't been properly compensated.

What happened

Mr R had an account with NatWest with an overdraft facility. He's complained about what NatWest did when his account defaulted.

First, Mr R says NatWest wrote to him on 23 November 2017 advising him that his account was going to be defaulted. He says he subsequently discovered that NatWest had recorded his account as having defaulted on 30 April 2018. He complained about this, and NatWest said that it should have been recorded as having defaulted on 18 March 2018. Mr R was unhappy with this, saying that the default date was 23 November 2017 or that the letters NatWest had sent him were inaccurate.

Secondly, Mr R says that in 2019 he sent an agent who was collecting on NatWest's behalf medical evidence and asked for his debt to be written off. NatWest says that it decided in January 2020 that it wouldn't pursue Mr R for the outstanding debt because it took a commercial decision that it was unlikely to recover any of the debt, so it didn't consider the medical evidence. NatWest also says that it didn't write off the debt. NatWest accepts that it didn't say to Mr R that it had decided not to pursue him until April 2023.

NatWest apologised to Mr R for the way it had handled his account and the default and offered to pay him £150 in compensation and reimburse costs he'd unnecessarily incurred getting medical evidence to support an application to write off his debt - £27. Mr R was unhappy with NatWest's response to the complaints he'd raised and so complained to our service.

One of our investigators looked into Mr R's complaint and said that NatWest should have considered the medical evidence Mr R sent to its agent in 2019. Our investigator considered it more likely than not that NatWest would have decided to write off his debt then had it done so. For that reason, our investigator said that NatWest had done at least three things wrong, namely record the date of default as 30 April 2018 when it should have been 18 March 2018, not amend Mr R's credit file to record the fact that his debt had been settled or satisfied as of January 2020 and not let Mr R know that it was no longer pursuing him. Our investigator said that this had had an impact on Mr R for which they recommended an additional £250 in compensation – bringing the total compensation to £400 – on top of the costs he'd unnecessarily incurred getting medical evidence in support of his 2023 application.

Mr R wasn't happy with the compensation our investigator had recommended, saying a figure of £750 in total was more appropriate. In addition, Mr R wanted our investigator to be clear what errors NatWest had made. NatWest agreed to the £400 compensation but said that it would be inappropriate to record Mr R's debt as having been settled or satisfied as it

had simply made an internal decision not to pursue the debt. In other words, both parties were unhappy with our investigator's recommendation and wanted this complaint referred to an ombudsman. This complaint was, as a result, passed to me.

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 in relation to this complaint. Mr R agreed with what I said in my provisional decision. NatWest said that it had nothing to add.

In my provisional decision, I said:

"Based on everything I've seen, I'm satisfied that Mr R was taking steps in April 2023 to make sure his credit file was as healthy as it could be. I'm satisfied that all of the defaults other businesses had recorded had by then dropped off and that the only other adverse information on his credit file was other debts showing as having been satisfied in 2018. In other words, I'm satisfied that the adverse data that NatWest had recorded on Mr R's credit file was the only remaining piece of really adverse data. So, I can understand why he felt it was necessary to contact NatWest and to try and get the debt he owed written off. I can also understand why Mr R must have been so frustrated with NatWest when in April 2023 he was told for the first time that NatWest has taken the decision three years earlier to no longer pursue him for the debt he owed. I can understand why he feels he should have been told earlier. I do, however, think that the more serious issue here is that NatWest didn't write off the debt on medical grounds when it should have done.

I've spoken to Mr R and he's sent me a full copy of the credit file he'd previously sent us an extract of. I can see from this that from late 2023 he's been able to take out small amounts of credit again – credit that he wouldn't have been able to take out in the intervening period given the amount of debt he had and defaults. In other words, he's been able to move on after six years. I'm satisfied that the adverse data NatWest had recorded was the "last piece of the jigsaw". I can, therefore, also see how distressing NatWest's errors have been, and how much unnecessary effort Mr R has been put to. And that's over a significant period of time. In the circumstances, and having taken the impact that everything that's gone wrong in this case has had, I'm of the view that the £750 compensation that Mr R has asked for is a fair award."

Putting things right

I remain of the view that the compensation I said I was minded to award – in other words, £750 – in my provisional decision is fair and reasonable. So that's the award I'm going to make.

My final decision

My final decision is that I'm upholding this complaint and require National Westminster Bank Plc to pay Mr R £750 in compensation – less the amounts it's already paid – in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 11 July 2024.

Nicolas Atkinson
Ombudsman