

## **The complaint**

Mr B complains that National Westminster Bank Plc (“NWB”) defaulted his account and registered a default on his credit file. He says he wasn’t given an opportunity to repay his overdraft before the account was defaulted.

## **What happened**

Mr B held a student account with NWB with an overdraft facility.

On 22 September 2022 NWB wrote to Mr B with a demand for repayment of his overdraft, which at that time stood at £1,962.63 DR. The letter advised Mr B that no credits had been made to his account for some time, and that if he wasn’t able to repay the overdraft or agree an acceptable repayment arrangement by 26 October 2022, he would no longer be able to use the account and NWB would pursue the outstanding balance.

On 3 October 2022 the account was credited with £20.

On 1 July 2023 NWB wrote to Mr B requesting that he made a payment towards his account. It asked Mr B to get in touch if he no longer needed the account so that it could be closed.

On 17 August 2023 NWB wrote to Mr B requesting that he make a payment towards his account.

On 5 September 2023, having not received any response from Mr B, NWB wrote to Mr B with a demand for repayment of his overdraft. The letter advised Mr B that no credits had been made to his account for some time, and that if he wasn’t able to repay the overdraft or agree an acceptable repayment plan by 9 October 2023, he would no longer be able to use the account and NWB would pursue the outstanding balance.

Mr B didn’t repay the overdraft within the timescale set out in the letter and he didn’t contact NWB to set up a repayment plan. NWB terminated the account, registered a default and passed the debt to a debt collection agency.

On 12 October 2023 NWB sent Mr B an email advising him that the account had been passed to a debt collection agency.

Mr B complained to NWB. He was unhappy that a default had been reported on his credit file and said he hadn’t been given the opportunity to set up a repayment plan. Mr B said he’d contacted NWB three times since November 2023. He asked for the account to be taken back by NWB and for the default to be removed.

NWB didn’t uphold the complaint. It said it hadn’t made an error by removing the overdraft and passing the debt to a debt collection agency.

Mr B remained unhappy and brought his complaint to this service.

Our investigator upheld the complaint. She said that although she thought that NWB had acted reasonably by defaulting the account, the default date was recorded incorrectly as

February 2024 when it should be October 2023. The investigator said that NWB should amend the default date and pay £100 compensation to Mr B.

Mr B didn't agree. He said he wanted the default removed. He also said he didn't think NWB had given him enough opportunity to repay the overdraft.

### **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've reviewed all of the correspondence that NWB sent to Mr B in 2022 and 2023. I can see that NWB wrote to Mr B on several occasions advising him that he hadn't made a credit to the account for a long time and asking him to repay the overdraft or contact the bank to arrange a repayment plan. I haven't seen any evidence to suggest that Mr B contacted NWB in response to any of these letters.

I can see that a credit was made to the account in October 2022. I assume – although Mr B hasn't confirmed – that this was a payment made by Mr B in response to the demand for repayment letter he'd received from the bank dated 22 September 2022.

I can see that no further credits were made to the account for a 12 month period. This meant that the account was treated as dormant by the bank and it issued a further letter to Mr B on 5 September 2023 warning him that the account would be terminated.

Because Mr B didn't make a payment or contact the bank to agree a repayment plan, NWB terminated the account.

Based on what I've seen, I think NWB acted reasonably here. It gave Mr B several opportunities to contact them and arrange a repayment plan. I don't think NWB acted unfairly by defaulting the account.

Mr B has said that he's set up a repayment plan now and wants NWB to remove the default and take the account back. I can see that Mr B has set up a repayment plan with the debt collection agency. However, this doesn't mean that NWB needs to remove the default or take the account back. The account was terminated and defaulted some time before Mr B set up his payment plan.

What I can see however is that the default is reporting as February 2024. This isn't correct. The account was defaulted in October 2023. I agree with the investigator that the default date needs to be amended so that it is correctly reported by the credit reference agencies. I appreciate that this issue with the default date has caused Mr B some distress and inconvenience at having to complain about it, so I think it's fair to ask NWB to pay compensation.

### **Putting things right**

To put things right, NWB must amend the default date by sending a request to the credit reference agencies to amend the default date and ensuring that this is actioned. NWB must also pay Mr B £100 compensation for any distress and inconvenience caused.

I won't be asking NWB to remove the default or take the account back for the reasons I've explained above.

**My final decision**

My final decision is that I uphold the complaint. National Westminster Bank Plc must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 16 September 2024.

Emma Davy  
**Ombudsman**