

The complaint

Mr H is complaining about National Westminster Bank Plc because he says it agreed to allow him to miss payments on his loans and extend the term accordingly. Instead, it wants him to repay the arrears alongside his normal loan repayments.

What happened

Mr H has three loans with NatWest. In January 2024, he called to ask if he could put payments on hold for two months. NatWest agreed a forbearance plan that meant he didn't have to make payments in January and February. When the plan ended and it became apparent the loan wasn't being extended, Mr H complained in March.

At that time, NatWest was unable to find the original call where Mr H says he was told he'd be able to extend the term of the loans to make good the missed payments. So it accepted he'd been misinformed, paid £75 compensation for any distress and inconvenience caused and waived interest on the arrears to that point.

When a member of NatWest's complaints team was discussing this outcome with Mr H on the phone, he offered to put him through to the loans team to discuss whether it would be possible to extend the terms of the loans. Unfortunately the call ended while Mr H was on hold.

At the time it contacted us with its submissions at the end of July, NatWest said it had received no further contact from Mr H. At that time, the records also showed he'd made no payment towards any of the loans since December 2023, or towards the arrears accumulated in January and February 2024.

Our investigator didn't recommend the complaint be upheld. She was satisfied NatWest didn't offer any assurances that the loan terms would be extended. She also felt the compensation paid was appropriate in circumstances where NatWest wasn't able to verify what he'd been told over the phone.

Mr H didn't accept the investigator's assessment. He says he was misinformed from the outset and wouldn't have put payments on hold if he'd known he couldn't repay the missed amounts by extend the loans.

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've reached the same overall conclusions as the investigator, and for broadly the same reasons. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any

regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

Since first responding to Mr H's complaint in March, NatWest has been able to obtain a recording of his original call in January and I've listened to this. Mr H said he was starting a new job and wanted to put payments on hold for two months while he waited for his first month's pay. NatWest's agent then went through a detailed assessment of his income and expenditure and agreed a forbearance plan whereby no payments would be required for the months of January and February, with payments starting again in March.

Once this had been agreed, the agent confirmed the amount by which each loan would be in arrears when the forbearance plan was due to end in February. She also explained that Mr H would need to call NatWest after this to discuss either repaying the arrears or extending the forbearance plan if further assistance was needed. If it wasn't going to be possible to repay the arrears in one go, she explained that the normal process for repaying the arrears was to set up a repayment arrangement that would run alongside the normal loan payments.

After listening to this call, I'm satisfied Mr H wasn't misinformed about how the arrears would be dealt with. At no point did he ask if the terms of the loans would be extended and the agent didn't indicate this would happen either.

I note NatWest also wrote to Mr H in January to confirm the forbearance plan had been arranged. The letter also makes no mention of extending the loan terms and instead says he'll need to contact NatWest to agree an arrangement to repay the arrears.

While I can't see that Mr H was misled in January, I've also listened to a recording of his call with the complaints team in March. The agent did offer to put him through to the loans team to discuss the possibility of extending the loan terms. But he also said this wasn't the usual way of dealing with arrears and that there was no guarantee this option would be agreed. In the end, the call dropped before Mr H was able to speak to anyone and I understand he didn't contact NatWest again after that. So, again I don't think there was any evidence he was told the terms of the loans would be extended.

It's unfortunate that NatWest wasn't able to locate the original call recording from January when Mr H complained in March. But in the absence of that evidence, NatWest accepted he'd been given incorrect information. I wouldn't necessarily expect NatWest to have honoured what Mr H says he was told in error at that stage, but I realise any misunderstanding that resulted would have caused some distress and inconvenience and I think NatWest took appropriate steps to compensate him. As it now turns out, a recording of the call is available and I'm satisfied Mr H wasn't misinformed in the way he's described and that no further compensation is due.

It's for these reasons that I'm not upholding this complaint. I realise this outcome will be disappointing for Mr H, but I'm satisfied it's fair and reasonable in the circumstances and I hope the additional explanation provided is helpful.

I can see Mr H is in a difficult position because he will need to repay arrears alongside his normal repayments. And this situation will now be more difficult because he doesn't appear to have restarted payments after the forbearance plan ended, meaning the arrears are now much greater. If he hasn't already done so, and to get things back on track, I strongly encourage Mr H to contact NatWest to discuss an affordable repayment plan and I'd expect NatWest to treat his situation positively and sympathetically in line with its normal requirements.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 4 November 2024.

James Biles
Ombudsman