

The complaint

Mr E complains that National Westminster Bank Plc passed his debt to a debt collection agency.

What happened

Mr E holds an account with NatWest. Due to Mr E's financial circumstances, he hasn't made payments to the account for some time.

On 1 November 2023 Mr E sent an income and expenditure form to NatWest. NatWest said it would accept £1 per month and gave Mr E a deadline to confirm this. Mr E emailed NatWest back and asked for a call. NatWest tried to call but Mr E's phone went to voicemail. NatWest left a voicemail and sent a text but didn't hear back from Mr E.

Because NatWest hadn't had a response from Mr E about payments, they passed the account to a debt collection agency.

In February 2024 Mr E spoke to NatWest. The agent agreed to recall the debt, but Mr E continued to receive calls from the debt collection agency.

Mr E complained to NatWest. He said he'd been advised that the debt wouldn't be passed to a debt collection agency whilst he was in contact with NatWest. He was unhappy that he hadn't been advised that the debt had been passed to a debt collection agency. Mr E was unhappy about the way the customer services agent had spoken to him and said he hadn't been advised that there would be a delay in recalling the debt from the debt collection agency. Mr E was also unhappy with the service he'd received when he called on 28 February 2024.

In its final response dated 22 April 2024 NatWest said the account was passed to a debt collection agency because it hadn't heard from Mr E to discuss the repayment plan. It said it had told Mr E that it would hold the account until 11 November 2023 and had allowed extra time after this for him to contact them. NatWest said it had listened to the call where the agent told Mr E that he would recall the debt. NatWest agreed that the agent failed to explain to Mr E that it might take a few days to recall the debt and apologised if the call from the debt collection agency had caused him concern. NatWest said it had listened to the call dated 28 February 2024 and said it couldn't see that it had made an error. NatWest said it was sending an apology compensation of £50.

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

Following the referral of the complaint to this service, NatWest offered a further compensation payment of £200.

Our investigator thought the offer was fair. They said they didn't think NatWest had made an error when it passed the debt to a debt recovery agency, because NatWest hadn't received any response from Mr E about the payment plan. The investigator accepted that there may have been some confusion caused during the call in February 2024 when Mr E was told that

the debt had been transferred over in error. The investigator said that this was incorrect information. The investigator said that based on what they could see, the debt had been recalled from the debt collection agency and was back with NatWest. The investigator concluded that NatWest had correctly passed the debt to the debt collection agency but had made errors in not explaining the timeframe for recalling the debt. The investigator said the compensation offered was fair.

Mr E didn't agree. He said he thought NatWest should've called or emailed him before passing the debt to the debt collection agency. He said NatWest shouldn't have been asking him for payment as he had no disposable income. Mr E said he feels anxious and worried that this might happen again. He wants NatWest to write off the debt and compensate him for the stress he's been caused.

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 know it will disappoint Mr E, but I agree with the investigators opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr E has said he was assured by NatWest that the debt wouldn't be passed to a debt collection agency if he was in contact with them. I've reviewed what happened immediately prior to the debt being passed to a debt collection agency in December 2023.

I can see that NatWest sent Mr E an email on 1 November 2023 advising him that having reviewed his financial statement it was prepared to accept £1 per month for 12 months. NatWest asked Mr E when he would like to start making the payments. It also asked Mr E to provide medical documentation and said it would place the account on hold until 11 November 2023 to give Mr E time to reply. NatWest received an email from Mr E asking them to call him. I've seen evidence that NatWest tried to call Mr E on 2 November 2023 but received no reply. NatWest's records show that it left a voicemail on that date and sent a text to Mr E but didn't hear further from him. Nor did it receive any payments.

I can see that the account was transferred to the debt recovery agency on 3 December 2023. I can also see that NatWest sent Mr E a letter on 7 December 2023 advising him that the debt had been transferred.

Having reviewed what happened, I'm not persuaded that NatWest did anything wrong when it transferred the debt. NatWest tried to assist Mr E by calling him back in response to his request, but following this, Mr E didn't contact NatWest to discuss the repayment plan as requested. I think NatWest treated Mr E fairly and reasonably by giving him an extended time – over a month – in which to contact them.

Mr E has complained that he was contacted by the debt recovery agency after NatWest had agreed to recall the debt. I've listened to the call, and I agree that the agent failed to make it clear to Mr E that it could take a few days to recall the debt from the debt recovery agency. NatWest has already acknowledged that its agent could've provided better quality information to Mr E and has offered compensation of £50 for the poor service and any distress and inconvenience caused. Taking the circumstances into account, I think the offer of compensation for this error was fair and reasonable.

I can also see that during the call dated 28 February 2024, Mr E was advised by an agent that his debt should never have been transferred to the debt recovery agency. Having reviewed NatWest's system notes, it isn't clear why the agent said this. NatWest has investigated this, and its position is that the agent made a mistake in saying this. I've already set out above why I think the debt was transferred correctly. NatWest has acknowledged that the incorrect advice would've caused confusion for Mr E and – following the referral of the complaint to this service – has offered a further £200 compensation for this error.

Taking everything into account, and for the reasons I've explained above, I'm of the view that the further compensation offered by NatWest is a fair and reasonable offer. I'm satisfied that this offer is in line with what this service would award and fairly reflects any distress and inconvenience caused to Mr E by the errors which NatWest has acknowledged and which I've identified above.

Putting things right

To put things right, National Westminster Bank Plc must pay further compensation of £200 to Mr E.

My final decision

My final decision is that I partially 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 E to accept or reject my decision before 25 October 2024.

Emma Davy
Ombudsman