

## **The complaint**

Mr C and Ms D complain that National Westminster Bank Plc has recorded missed payments on their credit files, for a period at the end of 2021 when Mr C had agreed a payment arrangement with NatWest. Mr C said he paid the amount agreed at the time.

## **What happened**

Whilst this complaint is brought by both Mr C and Ms D, as the mortgage is in both their names, our dealings have been with Mr C. So I'll mainly refer to him in this decision.

Mr C said his income was affected during the pandemic, when he wasn't able to go to work. He said he took a payment deferral, under the special arrangements put in place for the Covid-19 pandemic, but after that his income was still affected. Mr C said he agreed with NatWest to extend this. Following that, he asked NatWest in October 2021 for reduced monthly payments. That was agreed for three months. He paid off the arrears in January 2022.

Mr C said he'd asked specifically at the time if his credit file would be affected, and he said he did not get a negative reply. Mr C said he wouldn't have gone ahead with this if he'd been told this would affect his credit file.

Mr C said he then told NatWest in early 2022 that he could see missed payments for November 2021 and December 2021 on his credit file. He said NatWest told him then it would correct the mistake.

Mr C said unfortunately since then he had a serious health incident, which meant he had to move in with his former partner, and sell the property. This mortgage has since been redeemed. Mr C said now he's starting to recover, he wanted to apply for a mortgage, start his own business and move out to live independently again, but he was turned down because of the marks on his credit file.

Mr C said this was a joint mortgage, and his former partner's credit file was affected too. He said he'd complained, but he thought NatWest's staff were rude and racist, because they weren't answering his questions, and wouldn't pass him on to a manager.

Mr C said this was affecting his recovery from illness. He wanted NatWest to clear his credit file, and clear his name. Mr C said he also required compensation of £1,000,000 with all expenses and interest paid by NatWest for the stress and set back it caused in his health.

NatWest didn't think it had done anything wrong. It said Mr C agreed in late 2021 that he would make reduced payments to his mortgage for a time, and as part of that payment arrangement, he accepted this would mean his mortgage would fall into arrears. NatWest said Mr C also agreed he understood this would have credit file implications. NatWest said it unfortunately didn't have the calls where this was discussed, but it could see clear notes to this effect.

NatWest said this wasn't a payment deferral under the special arrangements for the

pandemic. Those payment deferrals don't affect people's credit files, but Mr C had already taken up that option in 2020. So he couldn't do that again in 2021. NatWest didn't think it had to amend Mr C's credit file.

Our investigator didn't think this complaint should be upheld. She said that Mr C first took a payment deferral in 2020, under the special arrangements put in place during the pandemic. He then contacted NatWest again, in June 2021 as his circumstances hadn't improved. Our investigator said Mr C agreed a payment arrangement with NatWest, that would allow him to reduce his monthly payments to a bit more than half what he usually paid.

Mr C then contacted NatWest again in October 2021, explaining his circumstances hadn't changed, so the payment arrangement was extended for October, November and December 2021. Mr C started paying his mortgage again in January 2022.

Our investigator said she understood Mr C's recollection was he hadn't been told that his credit file would be impacted by the reduced payments, and if he had realised he wouldn't have gone ahead with this arrangement, but she said notes made when the arrangement was set up in July 2021, and when it was renewed in October 2021, suggested he was told about the impact on his credit file. By October 2021, Mr C's arrears were more than the amount due under his usual monthly payment, so in November and December 2021, NatWest reported that Mr C's mortgage was in arrears.

Our investigator didn't think NatWest had discriminated, or treated Mr C unfairly. She thought NatWest had given Mr C the information he needed to decide how to proceed in July and October 2021. She understood that these marks on Mr C's credit file were preventing him from starting a business now, buying and selling properties, but she didn't think we could hold NatWest responsible for that.

Mr C didn't agree. He said it wasn't his fault his earnings were cut to less than the monthly mortgage payment. He said when he spoke to NatWest in January 2022, it was going to correct his credit file, and his score improved then, but then it went down again. Mr C said that he hadn't been given the correct information, and he didn't think the marks on his credit file were his fault.

Our investigator said she appreciated that Mr C's changed circumstances were outside of his control. She said that in January 2022, NatWest had agreed to amend Mr C's credit file for that month only. That didn't mean NatWest was wrong to note arrears in the previous two months.

Because no agreement was reached, this case was then passed to me for a final decision. And I then reached my provisional decision on this case.

### **My provisional decision**

I issued a provisional decision on this complaint and explained why I only proposed to uphold part of it. This is what I said then:

I understand that Mr C didn't stop paying his mortgage by choice, and he faced a very difficult situation when his income remained reduced in late 2021. But once Mr C had exhausted the payment deferral options put in place for the pandemic, NatWest did then have to record any future arrears with credit reference agencies.

I know Mr C said he wasn't told about this. And unfortunately, I've not been able to listen to the calls from the time. But I can see notes NatWest made in July and October 2021, which say Mr C was informed that any payment arrangement would affect his credit file.

The notes of the conversation Mr C had with NatWest in October 2021 are quite detailed, and I am persuaded that it's most likely Mr C had been told about the credit file impact of any payment arrangement then, and had indicated he understood this.

I think that conversation is important, because NatWest didn't start to report arrears onto Mr C's mortgage until November 2021. It only reported arrears for two months, November and December 2021. So at the point when Mr C discussed the second payment arrangement with NatWest, he was still in time to avoid any credit file impact.

I don't think NatWest made a mistake by reporting arrears for November and December 2021. But I do think NatWest should also have reported that Mr C and Ms D were in a payment arrangement for those months. Mr C wasn't just missing his payments. He'd taken the responsible step of addressing his payment difficulties, and agreeing a way forward with his lender. Recording a payment arrangement for these two months would reflect that.

NatWest only appears to have recorded an arrangement to pay for November, not also for December. I think NatWest should amend Mr C and Ms D's credit files, to show an arrangement to pay for December 2021 as well.

I can see that Mr C complained in January 2022, that his credit file already showed a missed payment for this month, although his payment wasn't due until the end of the month. NatWest's notes do suggest Mr C was keeping a close eye on his credit file at the time, and those notes don't suggest he'd raised a complaint about the missed payment marks recorded for November and December 2021 at that time. NatWest amended Mr C's credit file for January 2022. It wasn't until November 2023 that Mr C complained about the November and December 2021 missed payment marks. So I don't think NatWest promised Mr C in early 2022 that it would remove the credit file marks it had reported for November and December 2021.

Mr C also says the marks on his credit file are stopping him from taking out a mortgage now, and he'd need this lending for a new business venture he wanted to start. I'm sorry that Mr C has been affected in this way, but I don't think the outcome was likely to have been different even if NatWest had recorded an arrangement to pay for both November and December 2021, so I don't think NatWest has to pay him the compensation I understand he would like.

I also understand that Mr C feels that NatWest's staff have been racist, because of how they responded when he made this complaint. I appreciate Mr C's strength of feeling on this point, but I haven't seen anything to make me think that NatWest has treated Mr C differently to other customers.

I understand that Mr C and Ms D will be disappointed but I don't think NatWest has to do more than make the amendment to their credit files that I've set out above.

I invited the parties to make any final points, if they wanted, before issuing my 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.

Both sides acknowledged receipt of my decision. NatWest didn't comment further, and Mr C simply said he accepted it.

Neither side has offered any further evidence or argument, and I haven't changed my mind. I'll now make the decision I originally proposed.

### **My final decision**

My final decision is that National Westminster Bank Plc must amend Mr C and Ms D's credit files, to show them in an arrangement to pay for November and December 2021.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Ms D to accept or reject my decision before 4 October 2024.

Esther Absalom-Gough

**Ombudsman**