

The complaint

Miss S complains National Westminster Bank Plc (“NatWest”) unfairly applied a default marker against her credit card account after it had closed her current account and the direct debit payment for it was cancelled. Miss S is also unhappy NatWest sent a cheque for the closing balance to her registered address despite telling it she was living temporarily at another address.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

NatWest notified Miss S in February 2023 that it was closing her current account in 60 days’ time. Miss S’s account was therefore due to be closed in April 2023. Miss S complained about this, and NatWest sent her a final response in May 2023. NatWest didn’t uphold her complaint and explained that as the account was now closed, Miss S could receive the closing balance in one of three ways. By using its ‘Payit’ service in which it would send an email with a link to make an electronic transfer to her nominated account; send a cheque; or by following its reclaims process which can take up to 28 days after the account closure to initiate.

It’s important to note that this decision doesn’t deal with NatWest’s decision to close Miss S’ current account – but only what Miss S has said about the default and recovery of her funds.

Miss S says that when her current account was closed, she informed NatWest that she was pregnant and had moved temporarily to be closer to family as she was going through health issues. Miss S added that she missed the Payit email deadline as she was in hospital and not in the right frame of mind to manage her finances. Miss S says that NatWest sent a cheque to her account’s registered address despite telling it she was living away temporarily.

Miss S says she went back to her registered address in September 2023 to get NatWest’s cheque.

As NatWest didn’t hear from Miss S nor receive payment to her credit card, it applied a default against her in September 2023. NatWest said this was in line with its processes and with the letter it sent explaining the consequences of non-payment and/or there not being a payment arrangement in place.

Unhappy, Miss S complained. NatWest didn’t uphold Miss S’ complaint. In summary, it made the following key points:

- NatWest sent Miss S correspondence explaining how the funds could be returned to her. A Payit email was sent to Miss S followed by a verification text message. The Payit email expired on 30 June 2023. As no action was taken by Miss S, NatWest issues a cheque to her registered address on 30 July 2023

- The last payment received into the credit card account was 2 May 2023. NatWest attempted unsuccessfully to call Miss S on 23 May 2023. So it sent a SMS text message for her to contact it
- As no contact was made, NatWest sent a letter to the postal address on file about payment being required to her credit card
- Miss S contacted NatWest on 11 July 2023 and told it about her ongoing health issues and inability to access her current account funds. NatWest applied its 'breathing space' to her account for 30 days' to allow her to review her financial situation
- NatWest didn't hear from Miss S after the 'breathing space' period ended, and no further payments were received. So a default letter was issued in August 2023. That letter advised Miss S that she had to clear the outstanding amount or overlimit amount within 28 days
- As no contact from Miss S was received, a termination letter was sent to her in September 2023. This letter confirmed she needed to make full payment within 21 days. And if no action was taken, a default would be applied
- NatWest appreciates Miss S didn't respond to the default letter due to a hospital stay, but it didn't receive any contact from her until November 2023. And no payments had been made
- Miss S' credit card account was then passed to a third-part debt management company. A further letter was sent to Miss S to contact NatWest. NatWest followed the correct process when applying the default, and it's required to provide credit reference agencies with a true reflection of a customer's account status. NatWest has not made an error
- There isn't any evidence Miss S told NatWest she was living temporarily at another address with family. Miss S didn't mention a change of address on her call with NatWest on 11 July 2023

Miss S referred her complaint to this service. One of our Investigator's looked into Miss S' complaint, and they recommended it wasn't upheld. Their key findings were:

- In May 2023, NatWest sent Miss S an email confirming details of the current account closure. Miss S knew at that point she would need to make alternative arrangements to make payments including for her credit card
- On 19 May 2023, Miss S was sent the Payit email and a SMS text message about it. Miss S said she didn't act on this due to a hospital stay and not being in the right frame of mind. But Miss S hasn't provided persuasive evidence that she was in and out of hospital and not in a position to manage her finances
- When Miss S called NatWest's financial health team about her credit card on 11 July 2023, she explained her health issues and inability to access her current account funds. Miss S also confirmed the registered address she says she wasn't temporarily living at. NatWest agreed a 30 day 'breathing space' period with Miss S and explained the consequences of not responding by the expiry date of that arrangement
- On 14 July 2023, Miss S called NatWest and said the Payit link had expired and was

told it had now sent her a cheque at her registered address. Miss S did tell NatWest she wasn't at that address, but never asked it to update her temporary address on its systems. Miss S also had access to her emails and telephone where SMS messages were sent

- Its unclear what happened after the 14 July 2023 call as there are no other calls. Though Miss S had said she didn't want a cheque, in the absence of a new address or further contact from her, NatWest didn't act unfairly in sending a cheque in the way it did
- After the breathing space period ended in August 2023, and as no contact was received from Miss S, NatWest applied a default in the way it said it would
- Miss S collected her cheque in September 2023 from her registered address. But she didn't contact NatWest about making payment until November 2023, by which time it had already been passed for debt collection. Its unclear why Miss S waited until 11 October 2023 to cash her cheque
- NatWest is obligated to accurately report the status of accounts. Miss S didn't update NatWest of a new change of address, and no payments were made to the credit card. NatWest has done nothing wrong in applying the default marker

Miss S didn't agree with what our Investigator said. In summary, the main points she made in her response were:

- Miss S can provide evidence of her hospital admissions dates. The Investigator hasn't properly considered her ill health and condition. She was in a "very dark place" at the time and things were challenging for her
- The main reasons she didn't act was due to mental health issues which rendered her unable to carry out normal everyday tasks
- She only cashed the cheque in October 2023 as that's when she was feeling better mentally
- Miss S contacted the credit card team twice

The Investigator acknowledged Miss S' comments and empathised with her regarding what she'd been through. In September 2024, our Investigator said they would need to see evidence of the hospital admission dates to fairly consider her complaint and whether she was unable to function in the way she says. They added that they didn't doubt what Miss S was saying, but they would need to see persuasive evidence.

Miss S responded to our Investigator the same day in September 2024. She said she would see what information she could get from her doctor, but most of her hospital stays were on an emergency basis. In October 2024, Miss S said she had recently changed her doctor as she had moved to a new address. And it could take up to 28 days for her to get this information. Miss S said she wanted an ombudsman to decide her complaint and will provide the hospital admission information when she receives it.

As there was no agreement this complaint has been passed to me to decide.

What I've decided – and why

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Miss S and NatWest have said before reaching my decision.

I should also add that I'm aware Miss S said in September 2024 she would provide further evidence of her hospital admissions. But I'm satisfied a reasonable time has now passed for her to have provided it.

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 have decided to not uphold this complaint. I'd like to assure Miss S that I've considered what she has said about her difficult physical and mental health problems. And that I do not undervalue them in any way and the impact she has explained they have had on her. So, I'll explain why.

NatWest has sent me several call recordings from its systems. I note having listened to the call of 25 April 2023 that Miss S knew her current account had been closed, and her outstanding credit card balance, and that the direct debit that normally serviced this had been cancelled due to the closure. Miss S is understandably unhappy about the closure and wants to know what she can do to get her funds back – so she complains.

Having listened to this call, and given she knew her financial affairs with NatWest including repayments to her credit card needed resolving, I question why she didn't update her address with it. She said she was living with her parents at the time. And it appears Miss S was living in that city from as early as January 2023 given that's when she was sent an antenatal appointment letter.

I've also listened carefully to Miss S' call on 11 July 2023, before a default was applied by NatWest. I note Miss S does tell NatWest of her health struggles. Miss S is offered the opportunity to speak to NatWest's specialist financial help team, but declines saying she just wants to get her money returned. Miss S is given the telephone number for the closures team who could help her with that. She is made aware of the status of her credit card account and the adverse credit implications of continued non-payment.

Miss S agrees to a 30 day 'breathing' period in which interest won't be added and payment chases won't be made by NatWest. She's told the importance of reaching an arrangement with NatWest by the time this 30-day period expires in August 2023 – and the consequences of not doing so. Miss S acknowledges this and says she understands.

Miss S is presented with the opportunity to change her address details with NatWest again at that point – but she doesn't do so. Given she'd been living near or with her parents/family from at least January 2023, I once again question why she didn't do so. After all, she has a contractual obligation to keep updated contact details with NatWest.

A few days later, on 14 July 2023, Miss S is aware that her Payit link has expired and wants a new one sent to facilitate the transfer of her funds to her nominated external account. But following an internal enquiry, Miss S is told that NatWest has sent her a cheque to her registered address. Once again, I question why Miss S didn't update her address and, on this occasion, given she knew cheque had been issued, why she didn't explain getting it cancelled and sent to her actual address or location where she appears to have been resident from January 2023.

From the internal screenshots I've been given by NatWest, Miss S only gave NatWest her 'temporary' address in November 2023, at which point the default had already been applied.

I know Miss S says she was effectively incapacitated due to her physical and mental health condition. But the information she has sent this service doesn't show she couldn't have done more to stop NatWest taking the action it did, particularly as she was aware of no payments being made from as early as April 2023 to her credit card account. The evidence also doesn't show she was incapacitated in the way she says she was.

Miss S could've prevented the default being applied when she first called NatWest by giving her actual residential address – after all, she had been there for what appears to be at least four months at that time. And it appears she knew she would be there longer given she was pregnant and wanted to be with close family.

To get to the crux of my reasoning, Miss S knew early enough that her current account had been closed, that she needed to act either by using NatWest's Payit process or by changing her address to get her funds, and of the consequences to her credit file of not doing so well before NatWest took the actions it did. So based on the evidence provided, I'm not persuaded Miss S was incapacitated in taking action to prevent the credit card account falling into default. In making this finding, I'd like to assure Miss S that I have read what her doctor has said about her suffering from post-natal depression.

It follows that I'm satisfied, NatWest acted fairly and followed its processes in applying the default. And it correctly updated credit agencies with Miss S' account status. I'm however pleased to see that Miss S was able to collect her cheque from her registered address.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 6 January 2025.

Ketan Nagla
Ombudsman