

The complaint

Mr C complains about the handling of repayment of a loan he had with National Westminster Bank Plc.

What happened

Mr C held various accounts with NatWest – including a current account and a loan. But in August 2021 the bank wrote to him to say that they'd be closing his accounts in 60 days' time, and that he would need to repay any outstanding balances before. Mr C appealed this decision but says he didn't hear anything back. He also attempted to amend the direct debit to repay the loan to a new account, but this wasn't carried out.

Unhappy with this Mr C complained to NatWest. NatWest responded in April 2022 to accept they had made errors in their handling of the closure of his accounts. They offered him £500 compensation, and refunded interest and charges they had added to the outstanding balances in error. But they also said full repayment was expected before 11 May 2022.

Mr C complained in July 2022, saying he hadn't been paid the previously agreed compensation and that the accounts were now showing as defaulted on his credit file. NatWest responded in August 2022 to say that they hadn't received any further payment, so the defaults were correct, but they backdated them to the date the accounts were originally closed.

Around August 2023 Mr C again complained that he hadn't received the original £500 compensation, and that he had attempted to make payments towards his loan, but they had been declined. NatWest responded to say they didn't have a record of Mr C contacting them to make repayment to the loan. NatWest subsequently got a court order against Mr C for the outstanding debt, and Mr C repaid this.

Unhappy with what had happened Mr C referred his complaint to our service in November 2023. One of our investigators looked into what happened and said the following:

- The final response letters from April 2022 and August 2022 gave Mr C six months to refer his complaint to our service, which is in line with the rule of our service. He didn't do so, and the investigator didn't see there were any exceptional circumstances for any delay, so we couldn't consider these issues.
- As NatWest had received a court order for the outstanding debt, this matter had already been decided. As such it wouldn't be appropriate for us to consider whether the debt was duly owed.
- She instead considered whether it was reasonable for NatWest to record a default marker on Mr C's credit file in relation to this loan. She was satisfied that this was reasonable, as payment hadn't been received by the deadlines that NatWest had set. She couldn't see that Mr C had contacted NatWest to make payment before these deadlines, so didn't see that the recording of the default was unreasonable.
- But she accepted that the service NatWest provided wasn't reasonable – but they could see NatWest had offered £125 for this, and they felt this was fair.

Mr C didn't accept this outcome, arguing that he had been trying to make payment and that it was only after the court order was received that he was able to. He said the bank had refused his payment, and this had led to the impact on his credit file. But this didn't change the investigator's mind.

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.

What I'm considering in this decision

The rules our service operate under are in the Financial Conduct Authority's (FCA) handbook, under the section for Dispute Resolution – or DISP rules. There are various rules about what complaints we can and can't consider, and also when we may choose not to consider certain complaints.

Relevant to this case is DISP 2.8.2R (1) which says our service cannot consider a complaint referred to us over six months on from the respondent firm's final response, unless the respondent consents to us looking into the complaint or the ombudsman considers that there were exceptional circumstances that led to the failure to comply with these deadlines.

Mr C didn't refer the issues from the final response letters he received from NatWest in April and August 2022 in time – the first contact we had with him was in November 2023, which is clearly over six months since these responses were issued. These responses also make it clear that NatWest don't consent to our service looking at this complaint. I'm not aware of any exceptional circumstances that would have prevented Mr C referring these complaints to us. And he was able to contact NatWest in this period, which suggests to me he would have been able to contact our service.

On that basis I'm satisfied that these complaints weren't referred to us in time. Under our rules I have no power to consider the issues raised in them. From my reading this concerns problems setting up a direct debit to pay the loan, the monthly fees that accrued on the closed accounts, and subsequent difficulty in making repayment.

I also note that NatWest already obtained a court order for the outstanding debt related to the loan, and I understand Mr C has now paid this. Ultimately this means it's already been decided by a court that the debt was owed at that time – so it wouldn't be appropriate for me to consider any issues such as whether the debt should have been called in, or if the amounts given were correct. In determining that the debt was owed, the court will have had the opportunity to take these into account, and Mr C will have had the opportunity to dispute this directly with them. I'm satisfied that under DISP 3.3.4R we would dismiss this aspect without consideration of the merits of it.

Mr C did contact our service within six months of the August 2023 final responses. The issues from these I will consider. This includes delays in paying the agreed compensation, and difficulties in getting in NatWest to accept repayment.

Repayment of the loan

Mr C's central argument appears to be that he made attempts to repay the loan before the deadlines set in the earlier final responses, and that NatWest either didn't contact him to collect payment or declined it.

NatWest have commented that they don't have a record of Mr C contacting them to settle any outstanding balance. Mr C has provided his own notes on his attempts to contact NatWest – although these seem to be in line with the timings of complaints raised. In any event, as Mr C has said in submitting these to us, these notes come from after the initial deadline to make payment to the outstanding debts. We've asked if there are any records of communication before then, but none have been forthcoming.

The April 2022 final response from NatWest provided contact details for settling the balances. I haven't seen anything to suggest they were contacted, or that Mr C had attempted to make a payment, before the deadline in that response.

Ultimately, there was a deadline for repayment that wasn't met, and I'm not persuaded this was done to the actions of NatWest. I can't see that NatWest have been unfair or unreasonable in recording a default with Mr C's credit file. This is an accurate reflection of the status of the loan, so I can't reasonably ask them to remove this.

Payment of compensation and customer service

There seems to have been considerable delay in paying Mr C the £500 compensation he had been offered previously. NatWest have explained that he will have been emailed instructions on how to receive this, although in August 2023 decided to issue him with a cheque. This is however an issue he's raised on several occasions, so I think it could have been simpler to issue a cheque earlier, which will have reduced any frustration.

NatWest have also accepted that there were further communication and service issues, such as missed callbacks. They've offered him £125 for this. I'm minded that this is a reasonable amount for the issues faced.

My final decision

My final decision is that National Westminster Bank Plc must pay Mr C £125.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 11 April 2025.

Thom Bennett
Ombudsman