

The complaint

Mr B, in his capacity as a Director of C (a company) complains that National Westminster Bank Plc (NW) terminated the business credit card and applied a default to the account.

What happened

C holds a credit card account with NW with Mr B as the card holder. The account fell into arrears in November 2023 when the direct debit for the minimum payment was returned unpaid. NW issued an arrears notice on 4 December 2023.

Further arrears notices were issued throughout 2024 because the minimum payment wasn't made. C made manual payments each month, but these were short of the minimum payment required.

NW sent letters throughout 2024 advising that payments on the account were overdue and asked C to contact them. On 4 September 2024 NW issued a Default Notice. On 30 September 2024 NW terminated the account for non-payment and required full repayment of the outstanding debt within 14 days.

On 15 October 2024 a Debt Collection Notice was issued. C failed to clear the arrears or relay the balance, so the account was transferred to recoveries on 30 October 2024 with an outstanding balance of £1,246.80. Interest was frozen.

On 4 October 2024 C contacted NW and entered into a repayment plan for 12 months with a review due in December 2025. On the same day, C updated its correspondence address.

Mr B on behalf of C complained to NW. He said he'd returned home from holiday and had found letters from NW explaining that the account was in arrears. He said he'd called NW to reinstate the direct debit in December 2023, but this hadn't been actioned. He said the account overdue letters had been sent to his parents home where he hadn't lived since 2014.

NW didn't uphold the complaint. In its final response dated 13 November 2024 it said the servicing account for the credit card was held with another bank and it would've been that bank that Mr B called to reinstate the direct debit. NW said it hadn't made an error with the direct debit and asked Mr B to reach out to the servicing bank regarding the failure to reinstate the direct debit.

Mr B remained unhappy and brought the complaint to this service.

Our investigator didn't uphold the complaint. She said that the payments made from December 2023 onwards weren't enough to cover the minimum payments due and the account had remained in arrears for six months before being terminated. The investigator said she was satisfied that NW had acted fairly when it defaulted the account. In relation to the correspondence about the account, the investigator said that NW had sent this to the registered address for the account at the time the letters were sent and that it hadn't made an error.

Mr B didn't agree. He said NW had failed to set up the direct debit in December 2023 despite telling him that they had done so. Mr B said he'd continued to make manual payments thinking that the direct debt was being established and said he held NW responsible for the situation which had arisen.

Because Mr B didn't agree I've been asked to review the complaint.

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 B, 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 those points which are most relevant to my decision. If I don't comment on a specific point its 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 B told this service that he called NW in December 2023 to alter his direct debit details *"which they could not accept for undisclosed reasons"*. Mr B also told this service that NW had refused to re-open the account and remove the default *"despite it being their fault that they did not accept my payment details when I informed them in December 2023"*.

I've listened to the call dated 13 December 2024. During the call Mr B asked to amend the direct debit payment details as the business (C) had changed banks. The advisor advised Mr B that he would need to make a manual payment by 28 December 2023 to cover the payment due for the period 4 November – 3 December 2023.

Mr B has said that he was advised to call back as the system couldn't initiate the direct debit. I haven't been provided with any further calls to listen to so I can't be certain of whether Mr B called back or not.

Mr B has told this service on more than one occasion that he was told that there was an issue with the direct debit details which meant that they weren't accepted. Mr B has been clear and consistent about this. I'm persuaded that as of 13 December 2023, Mr B was aware that the direct debit hadn't been set up and that he needed to make manual payments until the issue was resolved. What I'm not persuaded of is that Mr B called back to try to set up the direct debit again. There are no records of a further call and Mr B hasn't mentioned a further call in his submission to this service.

Based on what I've seen, I'm satisfied that Mr B was aware that there was no active direct debit set up to make payments to the credit card. In my analysis, this is why Mr B continued to make manual payments throughout 2024.

I've reviewed all the manual payments made throughout 2024. Although Mr B made a manual payment each month, the payments weren't enough to meet the minimum monthly payment due. So the account fell further and further into arrears.

I can see that NW sent numerous letters to Mr B regarding the arrears on the account. It also sent regulatory notices.

He says he wasn't informed in any other way (telephone, text message or email) that the account was in arrears and is unhappy that communication about the account was sent by post only to his parents address where he hasn't lived for several years.

I've reviewed the information provided by NW. This shows that all letters and notices regarding the account were sent to the registered address for the account at the time the letters were sent. I'm therefore unable to say that NW made an error when it sent correspondence.

I've noted Mr B's comments about other methods of communication such as text or email. Having reviewed the terms and conditions of the account, I'm unable to say that NW should've done this as there's no requirement for them to do so. And in relation to formal notices, NW is obliged to send regulatory notices via post in line with FCA requirements.

Taking everything into account and based on the information I've seen, I'm unable to say that NW has made an error or treated C unfairly or unreasonably. The account was six months in arrears at the point when it was defaulted and terminated. I'm satisfied that NW has acted in line with the relevant ICO guidelines in this respect, which requires them to default an account where there are between three and six months of arrears. NW – like all lenders – is obliged to report accurate information to the credit reference agencies. In this case, I'm satisfied that NW accurately reported the state of the account, so I won't be asking them to remove the default or amend C's credit file.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 7 April 2025.

Emma Davy
Ombudsman