

The complaint

Mr and Mrs S complain about the information NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ("NatWest") is reporting to the Credit Reference Agencies ("CRA's") in relation to a loan account they had with it. In addition to this, they complain that the loan account was passed to a debt collection agency.

What happened

Mr and Mrs S took out a loan account with NatWest. They got into difficulties meeting their financial obligations and so they entered into a debt management plan (DMP) in 2021. Mr and Mrs S state that they had an agreement with NatWest, via their DMP that they would pay a specified amount towards the debt each month, which they continued to pay.

In November 2024, Mr and Mrs S say they found out the debt had been passed to a debt collection agency ("DCA") in May 2021, even though NatWest had previously agreed to the reduced repayments under the DMP. They add that they didn't miss any of the reduced repayments, but despite this, NatWest had reported missed payments on their credit file.

Mr and Mrs S say they spoke to NatWest about the missed payments, and it agreed that it had reported some of these incorrectly, and so it made amendments to their credit files. But this still meant that they had three missed payments being reported for February, March and April 2021, when repayments were being made, which they feel is unfair. Mr and Mrs S also feel it was unfair of NatWest to have passed the collection of the debt to a DCA.

Mr and Mrs S state that they have been affected due to the worry of being in a DMP, and their account having been passed to a DCA. And the impact this matter has had on their credit score.

To put things right, Mr and Mrs S would like NatWest to remove the missed payments from their credit file, and for NatWest to take back the loan account from the DCA.

An Investigator considered what both parties had said, but they felt that NatWest had already done enough to put things right, in that it removed some of the payment markers from their credit file. They didn't think NatWest had done anything wrong in passing the account over to a DCA.

Mr and Mrs S didn't agree with the Investigators view, and I've summarised their main points below:

- They didn't miss any payments and so this shouldn't be recorded on their credit file.
- It's not fair that their debt was passed to a DCA. And they received no notification that this had been done.
- The debt has now been sold to a debt purchaser ("DP"), and the DP has said the debt is unenforceable. Because of this, Mr and Mrs S believe the reporting should be removed from their credit file. Mr and Mrs S don't feel that the correct procedures were followed when their debt was sold, and they feel as though NatWest has done this maliciously.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

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.

Having considered everything available to me, I have decided not to uphold Mr and Mrs S's complaint. I appreciate this decision will come as a disappointment to them, however I will explain my reasons for this below.

I think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Mr and Mrs S's complaint in less detail than they have. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

Information on credit file

I understand Mr and Mrs S are unhappy that missed payments are being reported on their credit file, when they said they had been making payments in line with the agreement reached as part of the DMP, albeit these were lower than the contractual amount.

The reporting Mr and Mrs S can see on their credit file aren't necessarily missed payments. This reporting is used to show the months on which an account isn't in order. For example, when arrears are built up on the case, and how many months in arrears it is. Because Mr and Mrs S weren't making the contractual repayments, the arrears were reported. So, in this situation, the markers on their credit file aren't reflecting a missed payment, it is reflecting the months the account was in arrears, which is accurate reporting.

From the repayment history I've seen, it appears Mr and Mrs S started making reduced repayments under the plan in February 2021. So arrears should be reported for February, March and April. NatWest has already agreed to amend the reporting to reflect this, so the credit file should now be showing an accurate reflection of what happened.

In relation to the default, the Information Commissioners Office ("ICO") sets out when an account should be reported as being in default. This is usually when an account is between three to six months in arrears. In this case, the account defaulted in May, which is within the guidelines set by the ICO. So I don't find that NatWest has acted unfairly here.

I understand Mr and Mrs S said they didn't receive any notification the account was going to default. I've looked at the notes provided to me by NatWest, and I can see that on 11 February 2021, after the DMP was agreed, NatWest sent a default notice to Mr and Mrs S. I'm satisfied that they received the notice, because I can see a note was added to the account file dated 15 February 2021, which says "*Cust called following default letter. DMO going ahead - advised this is part of the process and confirmed all other accounts are up to date*". On 20 April 2021, I can see a note showing a formal demand was sent out and the account defaulted in May 2021. Given the length of time that's now passed, it's understandable the memories of what happened at the time might have faded. But based on

the evidence I've seen, I can't fairly conclude that NatWest didn't make Mr and Mrs S aware the account was going to default, and I also think it likely they were aware of this at the time.

Debt being passed to a DCA and a DP

It is fairly common practice that when an account is in default (as is the case here), it is passed to either a DCA to manage the debt on behalf of the lender, or it is sold to a DP. There isn't anything inherently unfair or unreasonable about this. It is also a common term in the terms and conditions of an account that an account can be transferred to a third-party. There isn't anything in the circumstances of this complaint that makes me think it was unfair of NatWest to have passed the management of their loan account to a DCA. I understand Mr and Mrs S say they weren't notified about this when it happened. But again, I can see in NatWest's notes that on 12 May 2021, it sent Mr and Mrs S a 'goodbye' letter. So I think it likely that NatWest did let Mr and Mrs S know that the management of their loan account had been passed to a DCA at the time.

I note Mr and Mrs S have made further comments in relation to their loan account now having been sold to a DP. Because this is a new point that NatWest hasn't had the opportunity to investigate, I won't make any finding on that here. But as a general point, as I've already explained, it is normal practice for an account to be sold to a DP, especially where it is in default. A DP will also be required to report a default in line with what the original lender was reporting. Any concerns Mr and Mrs S have on this point will need to first be directed to either NatWest, or the DP, depending on which firm is responsible for the things they're not happy about.

Summary

Overall, I'm satisfied that NatWest have agreed to amend the reporting on Mr and Mrs S's credit file to reflect more accurately how it was managed. I think the £50 they have already offered for the distress and inconvenience of this is sufficient. I'm also satisfied that it wasn't unfair or unreasonable of NatWest to have passed their account to a DCA to manage. So I don't require NatWest to do anything more for Mr and Mrs S.

I would however like to offer my sympathies to Mr and Mrs S. I appreciate that they'll find this decision incredibly disappointing - I can understand why. Having adverse information being reported on a credit file, and having a debt sold can be upsetting. In reaching my conclusion, I don't wish in any way to downplay or disregard the situation they are in. But being independent means, I have to take a step back and consider what both parties have said. And having done so, for the reasons I've explained, I don't find that NatWest needs to do anything more to put things right.

My final decision

For the reasons set out above, I don't uphold Mr and Mrs S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 28 May 2025.

Sophie Wilkinson
Ombudsman