

The complaint

Mr T complains about how NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ("NatWest") has treated him when he got into financial difficulty in relation to this overdraft facility.

What happened

Mr T says that despite him letting NatWest know he was in financial difficulties, it has continued to charge him interest on the use of his overdraft facility, and it refused to accept a Debt Management Plan (DMP) that was proposed by a debt management company.

Mr T adds that NatWest has linked the acceptance of his DMP for his current account to the resolution of arrears on his mortgage account. He says that the policy of linking unrelated financial products is unfair and unreasonable. He says he is seeking a resolution for his mortgage arrears. And that NatWest's refusal to address his current account independently has caused him unnecessary financial hardship.

Mr T says that his other creditors have all stopped charging him interest when he informed them of his financial position. He says this shows that NatWest's approach is inconsistent with the practices of other financial institutions.

Mr T says the result of all this is that NatWest continuing to charge interest is making his financial situation worse. This has also caused him a lot of stress. To put things right, Mr T would like NatWest to accept his payment plan proposal independently of his mortgage account, stop charging interest on his overdraft facility and refund any interest charged since he informed it of his position. He would also like NatWest to review its policies to ensure the fair treatment of customers in financial hardship.

NatWest responded to Mr T's complaint, but it didn't uphold his concerns. It explained that it had already offered Mr T multiple occasions of 'breathing space' where interest was stopped – it said it was limited in how many times it could apply breathing space to the account. It said the interest he had been charged was correct and inline with the terms of the account. It explained that it hadn't accepted a payment plan through the debt management company because Mr T's account wasn't in arrears and not being dealt with by its collections team. It said it wouldn't agree to a DMP until there is a plan in place in relation to Mr T's mortgage arrears.

An Investigator considered what both parties had said, but they didn't think Mr T's complaint should be upheld. They explained that they felt it reasonable of NatWest to have not agreed to a repayment plan while there is no arrangement in place to clear the mortgage arrears – which would be a priority debt. The Investigator also found that NatWest had acted sympathetically and positively towards Mr T by waiving interest and charges for a significant proportion of the time Mr T told it he was in financial difficulty. And they didn't think that other creditors taking different action meant that NatWest had acted unfairly or unreasonably.

Mr T didn't agree with the Investigators view. He reiterated that he felt it unfair of NatWest not to accept a plan for his overdraft facility. And that NatWest's approach to his mortgage

arrears and how to repay these was unfair and rigid. Mr T adds that NatWest's rigid approach has left him not being able to secure employment, as a result of the impact to his credit file and building debts.

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 all the available evidence from both parties, I won't be upholding Mr T's complaint. I appreciate this decision will come as a disappointment to him, as I can see how strongly he feels about what's happened. However, I will explain how I have come to my decision below.

I have read and taken into account all of the information provided by both parties, in reaching my decision. 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.

I note that Mr T has made reference to how other creditor's have dealt with him in comparison to NatWest. I make no finding in this decision about how other creditor's have dealt with Mr T. And it doesn't follow that just because NatWest has taken different action to his other creditors, that it has done something wrong. Or treated him unfairly or unreasonably.

Essentially, NatWest was required to treat Mr T positively and sympathetically when he got into financial difficulty. There are no set rules on what it is required to do in order to achieve this, but the rules do make some suggestions and one of these is to freeze interest and charges on the account. I can see that NatWest has agreed to do this for Mr T on multiple occasions – and I should also add here that there is no rule that states that it *should* freeze interest and charges. So, I'm satisfied that NatWest has voluntarily taken steps to try and help Mr T while he has been in financial difficulty.

I note that NatWest hasn't agreed to a DMP, while Mr T has arrears on his mortgage account. Again, I don't find this to be unfair or unreasonable. A mortgage is a priority debt secured on property, and as the Investigator has explained, mortgage arrears could lead to repossession on the property. And in accepting a payment plan on the overdraft could lead to there being less funds available to repay the mortgage arrears. Because of this, I think it was fair and reasonable of NatWest to have insisted that an arrangement is in place to repayment of the mortgage arrears before agreeing to a payment plan for the overdraft.

I have noted that Mr T has more recently made some comments about NatWest not being flexible in how he repays the mortgage arrears. I make no finding on this point in this decision, because Mr T's original complaint here was about the current account and overdraft. If Mr T has concerns about the mortgage support he has received then he'll need to raise this with NatWest first.

I accept that Mr T is in a very difficult situation. I can see that from the various income and expenditure assessments he has completed, that he has a deficit each month. Because of

this, it's difficult to see how Mr T could in fact come to an arrangement to repay the overdraft. In any event, it doesn't seem unfair or unreasonable that NatWest would want to come to an arrangement on the mortgage arrears first, given the consequences of what could happen if he falls too far behind.

I also note that Mr T has told this Service that NatWest has caused him to miss out on employment. I am sorry to have read about Mr T's situation here. It would be very difficult for me to find that it was only Mr T's debt with NatWest that had caused such a situation. And even if Mr T was able to prove this, for the reasons I've explained, I can't fairly find that NatWest has treated Mr T unfairly or unreasonably, so I can't fairly ask NatWest to do anything more for Mr T.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 2 September 2025.

Sophie Wilkinson
Ombudsman