

The complaint

Mr V complains about how National Westminster Bank plc ('NatWest') handled his accounts when he was in prison.

Mr V wants his loan balance written off and for defaults to be removed from his credit file.

What happened

Mr V is represented by Mrs C in this matter.

Mrs C complained to NatWest on Mr V's behalf about a series of administrative errors. The main aspects were that Mr V's authority form wasn't processed in October 2023 and Mr V's direct debits weren't cancelled. This meant Mr V's current account became overdrawn and Mrs C couldn't assist with managing Mr V's accounts, which led to defaults.

NatWest upheld the complaint. They reversed the money that had left Mr V's current account and refunded interest that had been applied, which put Mr V's current account in the position it should have been.

NatWest accepted that they should have processed Mr V's authority form sooner and if they had, Mrs C could potentially have taken action to prevent Mr V's loan account defaulting. NatWest agreed to remove the loan default from Mr V's credit file.

NatWest also provided compensation of £50 for the delay dealing with the complaint, and £150 as a goodwill gesture for service issues in branch.

Unhappy, Mr V referred his complaint to the Financial Ombudsman Service outlining a lack of support from NatWest and highlighting the impact on Mr V's health and his credit score.

Our investigator obtained further information from NatWest who, on review of the matter, said they wouldn't remove the default for Mr V's loan account as this had been unavoidable.

Our investigator concluded that NatWest had followed their policy to default Mr V's accounts and she didn't propose NatWest make any credit file amendments. Our investigator also concluded that the compensation and redress NatWest provided was fair and reasonable. So, she didn't uphold Mr V's complaint.

Mr V sought an ombudsman's decision, which is how the matter has come to me. I sought further information from NatWest to assist with my investigation.

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've taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

I think it's important to say that my review of this matter is independent from our investigator's. I am not incentivised to agree with our investigator, or to find for one party over another.

I am sorry to disappoint Mr V but having independently reviewed his complaint I have concluded that NatWest have already provided a fair resolution, and I'm not going to ask NatWest to do anything further. I'll explain why.

I don't need to make a detailed finding in respect of everything that's happened because there's already an acceptance that the service Mr V received fell below what was expected. I've more needed to consider whether NatWest's actions, and stance taken, are fair and reasonable in the circumstances of Mr V's complaint.

Even if Mrs C could have helped with Mr V's accounts earlier, I do not think this would have avoided Mr V's accounts defaulting.

I say this because I've seen NatWest's prison policy which sets out that Mr V's debts to NatWest would be passed to recoveries and his accounts would default as part of that process. I've also noted that Mr V's terms and conditions for his accounts provide similar clauses that allow NatWest to limit the use of his accounts or default and close them in circumstances where they suspect criminal activity or that their customer will have difficulty paying.

I recognise Mr V isn't happy with what happened, given his efforts to maintain his accounts, but the Financial Ombudsman Service doesn't have the power to make rules for financial businesses by directing that they should change their policies or procedures. That is the role of the regulator, the Financial Conduct Authority ('FCA'). This means I can't interfere with NatWest's prison policy or their terms and conditions here - my remit is to consider if they've been applied fairly to Mr V.

Mrs C contacted NatWest in April 2024 and NatWest's system notes evidence that Mrs C was notified at that time that the normal process would be to default Mr V's accounts. I can see that NatWest suggested Mr V could authorise some money to be moved from another account to repay his overdraft which might prevent that account from defaulting, which I think was a helpful suggestion.

Subsequently NatWest sent default notices, formal demands and termination notices to Mr V in line with their regulatory and legal obligations.

I am sorry to disappoint Mr V but I think it is fair and accurate for NatWest to report defaults for his loan and credit card accounts following the expiry of his default notices. I think NatWest fairly applied their prison policy and followed Mr V's terms and conditions.

NatWest acknowledged their support could have been better when handling Mr V's accounts in these circumstances and I've considered whether NatWest's offer of £200 compensation was fair, on top of the adjustments they'd made to Mr V's current account.

I'm mindful that there is a general expectation of some inconvenience when having to sort something out that has gone wrong, but this should have been a smoother process for Mr V. I've considered that Mrs C bore the brunt of the distress and inconvenience, but I think this

likely had a knock-on effect on Mr V who was restricted in how he could manage his accounts independently.

Overall, I think the redress provided by NatWest was fair. They put Mr V's current account back in the position it should have been and paid £200 to recognise the upset caused by aspects of their service. I think that's in line with the Financial Ombudsman Service's guidelines for awards of this nature. I wouldn't expect NatWest's compensation to reflect the distress caused by the defaults on Mr V's credit file, as I've found these were fairly applied.

For the reasons I've outlined, I think NatWest have provided a fair and reasonable resolution to Mr V's complaint, and so I won't ask them to take any further action on this occasion.

My final decision

For the reasons I've given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 29 July 2025.

Clare Burgess-Cade
Ombudsman