

The complaint

Mr M complains about the service he received from National Westminster Bank Public Limited Company ("NatWest") when his loan account fell into arrears.

What happened

Mr M held a loan account with NatWest. The loan was repayable by monthly instalments. Mr M missed a payment in January 2023 and the account fell into arrears. In February 2023, NatWest agreed to put the account on hold for 30 days. This was followed by a period of breathing space.

Following a call with Mr M in April 2023, NatWest sent him an Income and Expenditure form to complete, with a view to putting a repayment plan in place. Mr M sent the completed form to NatWest in May 2023. NatWest said it couldn't agree a repayment plan because his income was less than his expenditure. Mr M wasn't happy about this and raised a complaint.

NatWest said that the information Mr M had provided showed a monthly deficit, indicating he had no income available to support a plan. It said it needed to ensure that any repayment plan would be affordable. And, as the information from Mr M didn't support this, it couldn't put a plan in place. NatWest said that, if Mr M felt the figures were incorrect, he should contact its Collections team and complete a new Income and Expenditure review.

In the meantime, no payments had been made to the account and the arrears continued to build up. In November 2023, NatWest wrote to Mr M asking him to pay off the arrears or get in touch. Mr M contacted NatWest in late November. He said his financial situation would be better from December or January. NatWest wrote to him about the arrears again in December 2023.

In January 2024, NatWest asked Mr M to get in touch urgently. It said it would need to take further action otherwise, such as involving a debt collection agent. NatWest says it didn't hear from Mr M, so it sent him a Default Notice in February 2024. This set out the steps which NatWest could take if Mr M didn't pay the arrears by the deadline.

The deadline passed and the arrears remained outstanding. NatWest sent Mr M a formal demand in March 2024. This set a deadline for him to pay back the full amount of the loan. The deadline passed without payment being made. NatWest defaulted the account and reported this to the credit reference agencies.

Mr M called NatWest in April 2024 and raised a complaint. He said he had been trying to contact NatWest for a long time but couldn't get through on the phone because of long wait times. He said he waited for one and a half hours on one occasion, only for the line to cut out when the office closed at 8 o'clock. Based on a limited investigation, NatWest agreed that Mr M had received poor service on that occasion. But it said he could have made contact through other methods, namely its web chat or secure messaging services.

NatWest says that Mr M completed a further Income and Expenditure form in April 2024. It says this showed that he wouldn't be able to support a repayment plan for the arrears or

resume the monthly contractual payments. By this stage, NatWest had transferred the account to a third party (who I'll call A). It told Mr M that he would need to liaise with them about his account.

Mr M spoke to NatWest in June 2024 and a further complaint was logged. He said he had been trying to contact the bank since the beginning of the year, but it had been impossible to get through. He said that NatWest's international phone numbers were inaccessible from his location. And the only number which worked frequently had extended hold times, unanswered calls or misdirected assistance. NatWest said its records showed multiple contacts between Mr M and the Collections team from January 2023 onwards. It said it hadn't found any evidence of problems with its contact numbers or long waiting times. And it said there were other ways in which Mr M could have got in touch. Overall, NatWest didn't think it had made any mistakes in the way it had handled Mr M's account.

Mr M wasn't happy with NatWest's response and asked this service to look at the complaint. He said he had made persistent efforts to contact NatWest and establish a repayment plan over the course of a year. But, due to systemic barriers and procedural deficiencies on the part of NatWest, he had been prevented from doing so. He said this had caused his loan to default unnecessarily, damaging his reputation and causing significant emotional distress.

Mr M said he didn't have a reasonable opportunity to resolve matters directly with NatWest before it sold his loan to A. He said he received no clear statements or actionable options. He also said that NatWest incorrectly reported his account arrears. He said he was willing and able to repay the loan, but his repeated efforts were ignored or mishandled. He wanted NatWest to take the loan back from the third party, compensate him, improve its communication channels and review its internal procedures.

Our Investigator didn't think NatWest had acted unfairly or needed to do anything. But Mr M didn't agree and asked for the complaint to be reviewed by an Ombudsman.

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 find that Mr M's account was in arrears from January 2023 onwards, the last payment having been made in December 2022. I'm satisfied that the amount of the arrears was communicated to Mr M through letters which NatWest sent him between April 2023 and February 2024. These letters told Mr M that NatWest would need to report missed payments to the credit reference agencies. I haven't seen anything to suggest the arrears were reported incorrectly.

Mr M says that NatWest defaulted his account without giving adequate notice. I'm satisfied that it sent him a Default Notice in February 2024 which clearly stated the date by which he needed to pay off the arrears if he wanted to avoid default. The deadline was longer than the 14-day minimum which is required by the Consumer Credit Act 1974. And NatWest followed up the Default Notice with a formal demand which also gave Mr M time to take action. So, I find that NatWest did give Mr M enough notice before it defaulted his account.

In addition, NatWest had written to Mr M about the arrears multiple times before issuing the Default Notice. These letters span the period from February 2023 to January 2024. All of these letters made it clear that Mr M's account was in arrears and that he needed to take action to get it back on track. The letter in January 2024 said that NatWest would need to take further action as it had written to Mr M several times and not heard back. It asked him to

get in touch urgently while there was still time. So, I think NatWest gave Mr M enough time to try to resolve the situation and enough notice before defaulting the account.

Mr M says that NatWest failed to facilitate a repayment plan. I find that it didn't agree to a plan. But that was because it didn't think a plan would be affordable for Mr M, based on his income and expenditure. From the information I've seen, I think that was a reasonable conclusion on the part of NatWest. And I wouldn't expect it to put a plan in place if it didn't think it was affordable for its customer.

But Mr M says that NatWest's calculations were flawed and he could afford repayments. I haven't seen any evidence to support this. I note that NatWest invited Mr M to contact the Collections team if he thought the figures were incorrect, to discuss his income and expenditure and provide more information. This was suggested during a phone call in June 2023 and reiterated in a letter dated July 2023. The evidence I've seen shows that Mr M completed a further Income and Expenditure review in April 2024, by which time the account had already defaulted. I haven't seen anything to suggest he put forward any information before that to enable NatWest to reconsider a repayment plan. In the circumstances, I think it's reasonable that NatWest hadn't put a plan in place.

The fact that there was no repayment plan in place didn't mean there were no other options for resolving the situation. But Mr M says it was impossible to communicate with NatWest, so there was no opportunity for resolution. He says that its phone numbers aren't accessible from abroad and he had to use the general number, which often had excessively long wait times and meant that, when he did get through, he had to be routed through multiple departments. NatWest says there are no known errors with its contact numbers and it wasn't experiencing long wait times at the time. But I don't doubt Mr M's testimony that he struggled to get through on occasions and spent considerable time on hold. However, I'm also satisfied that NatWest tried to contact Mr M by phone numerous times during the relevant period without success.

It's clear that Mr M did manage to speak to NatWest on several occasions between January 2023 and March 2024. I understand that phone calls may have been his preferred method of contact with NatWest. But I'm satisfied that there were other ways in which he could have got in touch, especially as the situation became more urgent. Many of NatWest's letters told Mr M how to contact it through the app or gave a link for him to use to access help through its website where it said he would be able to talk to NatWest straight away. I haven't seen anything to suggest Mr M tried either approach.

Mr M says that he was willing and able to repay the loan but his repeated efforts to do so were ignored or mishandled. On the evidence available, I can't conclude that there were barriers to Mr M communicating with NatWest such that he was denied the opportunity over more than 12 months to resolve the issue with his loan account before it was transferred to A. And, if Mr M was in a position to make payments, there was nothing to stop him from doing so. But no payments were made after December 2022. In the circumstances, I think it was reasonable for NatWest to default the account and transfer it to A. It told Mr M that it might need to involve a third party when it wrote to him in January 2024.

Mr M wants NatWest to review its procedures and communication channels. But it's not the role of this service to tell businesses how they should communicate with customers or what procedures they should have in place. So I can't tell NatWest to review its procedures. What we look at is whether a business has acted fairly and reasonably in all the circumstances of the case referred to us. Here, I haven't found evidence of any errors by NatWest. And I think it acted fairly and reasonably in its dealings with Mr M.

I realise Mr M feels strongly about his complaint and I'm sorry to disappoint him. But I don't think NatWest needs to do anything here, so I'm not going to uphold the complaint.

My final decision

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

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

Katy Kidd
Ombudsman