

The complaint

Miss B complains that NatWest registered a default on her credit file and failed to communicate with her before doing so.

What happened

The circumstances of this case are well known to both parties, so I won't repeat everything here. To summarise, NatWest terminated Miss B's overdraft and recorded a default on her credit file in June 2023. In October 2024, Miss B complained that the default had been applied unfairly, as she wasn't adequately notified her account was at risk of default beforehand.

NatWest said it sent Miss B an Overdraft Termination Notice in May 2023, which is all it was required to do. And while this was returned to them, it depends on Miss B to keep her contact information up to date.

Our Investigator reviewed matters and didn't think Miss B's complaint should be upheld. They were satisfied NatWest had made reasonable attempts to contact her, met its regulatory duty by sending a formal demand and registered the default fairly.

Miss B didn't agree. In summary, she said NatWest failed to deliver a valid default notice to her home address, or take corrective action to update her contact information before sending it. She said it didn't use verifiable alternative communication methods and therefore didn't give her the opportunity to take action before registering a default.

As no agreement has been reached, the matter has been passed to me to decide.

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.

In considering what is fair and reasonable, I've taken into account the relevant industry rules and guidance, and what would be considered as good industry practice.

I'd like to firstly say I was very sorry to hear of the extremely difficult circumstances Miss B has faced and thank her for sharing this with our service. Miss B has explained she was hospitalised abroad and undergoing medical treatment and investigations over a prolonged period. She also informed us of a serious incident in which point her phone was stolen. She has provided more details but as our decisions are published, it wouldn't be appropriate to set out all the details here. Understandably, given what Miss B went through, managing her bank account would've been extremely difficult for her, and also not a priority during this time. I'd like to assure Miss B that I've taken everything she's told us into account when reaching an outcome on her complaint.

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 reasonable outcome is. Where evidence is incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

Miss B says NatWest failed to support her, or treat her fairly, during the Covid-19 pandemic. However, I haven't seen that she's raised this complaint with NatWest – which she'd need to do before it can be considered by this service. In this decision, I'll be addressing the complaint Miss B raised with NatWest in October 2024, which related to the default being applied and the communications it sent prior to this.

Miss B says NatWest failed to send a valid default notice to her home address, knowing the address it held was incorrect and failing to take corrective action to verify or update her contact information. This resulted in the Overdraft Termination Notice being returned, and Miss B doesn't consider NatWest made adequate attempts contact her via alternative methods. She told this service that had she been notified her account was at risk of default, she would've taken immediate action.

What I therefore need to consider is whether NatWest made an error, which directly led to a default being applied to Miss B's credit file. If I find NatWest did something wrong, this doesn't automatically mean it should remove the default – I'd still need to consider whether the situation would've been any different had no error occurred.

Generally, overdrafts are designed for short-term borrowing and NatWest are allowed to ask for immediate repayment of it at any time. If the amount isn't repaid, NatWest can default the account and close it. NatWest decided to issue an Overdraft Termination Notice in May 2023. At that point, no payments had been made towards the account since September 2022.

NatWest wrote to Miss B in March and April 2023, letting her know she hadn't paid money into her account recently. It also tried calling her multiple times using the contact number it had on file. No response was received.

As mentioned above, I've considered Miss B's circumstances during this time meant she was unlikely to have been aware of NatWest's communication. But I also haven't seen anything to show that NatWest was made aware of Miss B's circumstances at the time. NatWest therefore had no way of knowing how long she was likely to have been unable to make payments towards her account, and I wouldn't expect them to allow this to go on indefinitely given this would've only worsened Miss B's financial situation. Based on what I've seen, there was no indication Miss B was in the financial position to repay the overdraft within a reasonable period of time.

I've reviewed the Overdraft Termination Notice and note the building name was missing from the letter. And NatWest's internal notes confirm this letter was returned to them. So, I'm satisfied this notice wasn't received by Miss B. However, NatWest sent the letter to the address it held, which it says had been the same since 2018. I haven't seen anything that shows previous correspondence had been returned, or that Miss B had notified NatWest of the amendment required to her address. So, I don't have enough to fairly conclude NatWest was at fault for the mail being returned.

I'm satisfied NatWest made reasonable attempts to contact Miss B via other communication methods, such as phone and email, prior to defaulting her account. I've considered that Miss B says the emails went into her junk mail, but NatWest's obligation is to make sure correspondence is sent, so I can't reasonably hold them responsible if it was delivered to

Miss B's junk folder. NatWest also sent an SMS to notify Miss B the notice would expire in two days.

With the above in mind, I'm satisfied NatWest made reasonable attempts to offer Miss B forbearance and due consideration. And I find it acted fairly in defaulting the account when it did. The outstanding balance was building with the application of interest and charges, it was unknown when Miss B would be in the financial position to repay the balance and its attempts at contacting her to come to some sort of agreement on a way forward had been unsuccessful.

Separately, I've thought about what would have been different if Miss B had received the Overdraft Termination Notice. NatWest's contact notes show Miss B contacted them in September 2023, at which point the default, and the reasons for the default were discussed. She was also provided the contact details for the debt collection agents managing her account and advised to set up a repayment plan. Following this, no further contact was made with NatWest until September 2024, at which point Miss B asked NatWest about the communications that were sent to her before it defaulted her account. NatWest has confirmed no payments have been made towards the outstanding balance since it defaulted the account, and the debt has now been sold.

Given the above, I'm not persuaded Miss B would've repaid the balance within an acceptable timeframe, had she been aware her account was at risk of default. I think it's reasonable to assume that had she intended to do this, she would've discussed this with NatWest at the earliest opportunity after becoming aware of what had happened on her account.

Overall, I'm satisfied NatWest acted fairly by defaulting Miss B's account when it did. I'm satisfied it wasn't aware of Miss B's circumstances at the time and made reasonable attempts to contact Miss B using the contact details she'd provided before applying the default. Additionally, having considered that Miss B didn't receive the Overdraft Termination Notice, I'm persuaded it's more likely than not this wouldn't have prevented the defaulted being applied. I say this because Miss B didn't make any further contact with NatWest for a year after being made aware of the status of her account - and hasn't made any further payments towards the account in over two years. As such, I won't be asking NatWest to take any action here.

My final decision

For the reasons explained, I don't uphold Miss B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 7 January 2026.

Nicola Bastin
Ombudsman