

## **The complaint**

Mr H complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ("NatWest") unfairly defaulted his loan account.

## **What happened**

Towards the end of 2024, Mr H got into difficulties repaying his loan, and he missed two payments. NatWest sent Mr H letters about the missed payments, asking him to get in touch.

In January 2025, Mr H spoke to NatWest, and it asked him to complete an Income and Expenditure (I&E) assessment, so it could assess his affordability for repayment options. It asked Mr H to contact it once he had completed the form.

NatWest didn't hear back from Mr H, and so it continued to make attempts to contact him about the arrears on the account. It sent Mr H a default notice on 5 March 2025 – asking that he pay the arrears on the account before 8 April 2025.

On 17 March, Mr H completed an I&E assessment online. He says he was expecting NatWest to contact him following this. The I&E assessment showed that Mr H had more outgoing than he had incoming.

After NatWest didn't hear from Mr H following the default notice, it sent Mr H a formal demand on 8 April 2025. This asked Mr H to pay the full loan amount due by 18 April 2025.

Mr H contacted NatWest on 12 April 2025 about the formal demand he'd received. He said NatWest hadn't contacted him following the I&E he submitted. And he explained that he couldn't repay the full loan amount.

Mr H's loan account subsequently defaulted, and this has been reported to the Credit Reference Agencies (CRA's).

Mr H complains that the account defaulted. And that NatWest hadn't made attempts to contact him, as he was expecting it to, after he submitted his I&E form.

NatWest responded to Mr H's complaint, but it didn't uphold his concerns. It explained that the formal demand had been correctly sent. And it explained that it was up to Mr H to get in touch following completion of the I&E, and this was explained to him during a call in January 2025.

An Investigator considered what Mr H had said, but they didn't think NatWest had acted unfairly or unreasonably. They explained that NatWest had made many attempts to contact Mr H about the arrears. And they explained that the account had correctly defaulted in line with guidance set out by the Information Commissioners Office (ICO).

Mr H didn't agree with the Investigators view, he asked for evidence of the phone call where he was told he would need to contact NatWest. Mr H also added that if he had no disposable

income, then why would defaulting his account resolve the issue. He also explained that he had completed the I&E before the account defaulted, so not accepting this is harsh.

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 won't be upholding Mr H's complaint. I appreciate this decision will come as a disappointment to him, however, I will explain my reasons for this below.

The ICO says that when a consumer is at least three months behind with their payments then a default may be registered. It also says it would *expect* a default to be registered by the time the consumer is six months behind with their payments. That's just what happened here.

Mr H was in a sustained period of arrears – beginning in October 2024. Mr H was sent a default notice in March 2025, stating that he would need to repay the arrears to prevent the account defaulting. Mr H didn't do this, and so a formal demand was issued in April 2025 for repayment of the full balance, which again wasn't repaid, so the account defaulted. By this point, Mr H was more than three months in arrears. Because of this, Mr H's loan account was defaulted and reported to the CRA's. On the face of it, NatWest complied with the guidance set out by the ICO.

I understand Mr H was expecting NatWest to contact him, after he submitted his I&E assessment online. Even if I accept this is the case, the default notice had already been issued at the point Mr H completed the form online. To remedy the breach in the default notice, Mr H needed to repay the arrears, which he didn't do. And from looking at the I&E he completed, I find it unlikely he was in a position to make this payment. So even if NatWest had contacted Mr H, as he says he expected, I still don't think this would have prevented the account from defaulting.

In any event, NatWest had made many attempts to contact Mr H about the arrears. The Investigator has already provided a timeline of the contact attempts made by NatWest, so I don't intend to do the same here. But given the letters, calls and text messages sent by NatWest to try and get in contact with Mr H, I can't fairly find that NatWest didn't make attempts to resolve the situation before taking action to default the account.

I note that Mr H has asked how defaulting the account would resolve the issue he was having with repayments. The purpose of defaulting an account is to show that the relationship between the parties has broken down to a point where it becomes clear that the customer isn't going to be able to repay the debt. In this case, given the sustained arrears on the account, the lack of contact from Mr H to resolve matters, alongside the information Mr H provided in his I&E which showed that each month he was in a deficit, I think the default fairly reflects how Mr H had managed the account. And I think it's fair to conclude that at this point, it would have become apparent to NatWest that Mr H wasn't going to be able to sustainably repay the debt at the contractual repayment amount.

Taking everything I've just said here into account, I don't think NatWest acted unfairly or unreasonably by defaulting Mr H's account.

**My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 September 2025.

Sophie Wilkinson  
**Ombudsman**