

The complaint

Mrs B is unhappy with how NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ('NatWest') engaged with her about her credit card account when she was experiencing financial difficulties.

What happened

I issued my provisional findings to both parties explaining why I did not think Mrs B's complaint should be upheld and that the offer NatWest made to Mrs B to pay £75 for shortcomings in their level of service was fair in the circumstances.

Both parties are familiar with the background to this case and my provisional decision, so I provide only a summary of the background and my provisional findings here which now form part of this final decision.

Background

Mrs B held a credit card with NatWest and contacted them in 2023 to set up a payment plan for a missed payment. No plan was set up at the time and Mrs B brought her account back up to date at the end of December 2023.

In January 2024 Mrs B fell behind with her payments to the account again, but no payment plan was arranged to repay the arrears.

On 8 July 2024 NatWest issued Mrs B with a notice to default the account. Due to the arrears not being repaid on 27 August 2024 NatWest went on to issue a termination notice explaining the full balance of the account required to be repaid otherwise the account would be defaulted.

The account was reported as defaulted to the credit reference agencies (CRA) on 1 October 2024, and Mrs B's account was passed to a third party debt collector shortly after.

Mrs B's access to the account through the app (and subsequently her other credit card account) was removed.

Our Investigator concluded NatWest had fairly reported the account as defaulted, although during the course of their exchanges they did ask NatWest whether they would be prepared to resolve things by removing the default.

Initially NatWest agreed, subject to certain terms being met; however, their position later altered due to the likelihood Mrs B would still be defaulted albeit at a later date, which in turn would mean the default marker would remain on her credit file for longer.

Our Investigator maintained the default had been fairly applied. Mrs B disagreed with the findings and, in summary, she said it was the lack of a payment plan that had brought about these events, and expressed her challenges with dealing with NatWest about her account.

My provisional findings

In my provisional decision I explained I was not upholding Mrs B's complaint because, given the status of Mrs B's account, NatWest were entitled to report the account as defaulted when they did.

This was because at 1 October 2024 Mrs B's account was more than six months in arrears, and it is recognised in the industry that a default may be reported from when an account reaches three months in arrears. It also appeared more likely than not NatWest had issued Mrs B with the notice of default and termination notice.

I also considered whether it was fair for NatWest to have reported the default when they did, and concluded overall that it was for the reasons below:

- NatWest's records showed attempts to communicate with Mrs B about the arrears on her account – by phone, post, email and through the app. And although Mrs B claimed non-receipt, it seemed more likely than not Mrs B had reasonable access to these communications given her submissions included reference to receiving correspondence about her arrears and accepting that she did not always check her emails.
- Mrs B was made aware of the different ways she could contact NatWest and they let her know about other organisations for support.
- Mrs B was aware of the status of her account and that action needed to be taken.
- The online chat history from October 2023 and November 2023 was an attempt to put a payment plan in place for a missed payment, but due to the online chat dropping out and problems Mrs B had accessing NatWest's links (to complete an income and expenditure) at the time no plan was set up. But that said, Mrs B brought her account up to date at the end of December 2023.
- The account fell into arrears again in January 2024. No payment plan was put in place. There was no evidence of any assessment of Mrs B's circumstances to determine if a plan would be affordable and sustainable for her, and it was reasonable that NatWest should gather information about Mrs B's circumstances to see if a plan would be possible. An assessment of Mrs B's circumstances required information and engagement from Mrs B.
- Mrs B was in financial difficulties.

Arrears continued to accrue from January 2024 prior to the default in October 2024; Mrs B made no payments to the account in January, April, May, August and September 2024; Mrs B's outstanding balance by 3 September 2024 was £6,720.37 and above the credit limit of £6,500, and her payment due was £922.44 which comprised an overdue sum of £743.39 and the minimum payment (so the arrears were now more than one payment). Mrs B's submissions in the online chat from 2023 had suggested there was a possibility that increasing her monthly payments could affect her ability to make priority payments – and there was nothing to suggest in 2024 her circumstances had significantly changed since then.

- Despite any concerns Mrs B had with her direct debit, Mrs B was aware of other ways to make payments to the account, but there were several months (as noted above) where no payments were made.
- Mrs B's second credit card with NatWest was in persistent debt.
- Even if a payment plan had been agreed in early 2024, it seemed more likely than

not – given Mrs B's circumstances – that any plan was likely to have been broken. And one missed payment could have resulted in the account being defaulted at a later date anyway.

- Prior to the default being reported Mrs B was told in a call on 3 September 2024 to contact the Financial Health and Support team on the number she had called the previous day, although there was no record Mrs B reached out to the team again.

My provisional conclusions were that NatWest's reporting of the default, in the circumstances, was fair. I also considered NatWest's engagement with Mrs B.

I noted there had been an opportunity for NatWest to have attempted engaging Mrs B about the status of her account during a call on 2 September 2024 with the Financial Health and Support team, which instead focused on Mrs B's concerns with the complaints team. That said, I was not persuaded there was enough to support Mrs B would more likely than not have found herself in a different position had the call on 2 September 2024 gone differently.

Overall my provisional findings were that there was not enough to persuade me NatWest failed to set up a payment plan, or that Mrs B would more likely than not have adhered to any such plan in order to prevent the default. So NatWest's action to report the default was fair in the circumstances. And the offer of £75 was fair to recognise NatWest's shortcomings in some of their service (in relation to their virtual assistant and time to handle Mrs B's complaint).

I also explained, given Mrs B's concerns, that NatWest were entitled to pass her debt to a debt collection agency.

Responses to my provisional decision

NatWest replied to accept my provisional findings and clarified that Mrs B was still in receipt of the cheque for £75 they had previously issued, although if Mrs B preferred they could cancel the cheque and pay the sum to her bank account if she wished.

Mrs B replied not accepting my provisional decision. To summarise, Mrs B referred to:

- The text messages from the complaints team which said 'sorry for the delay in your complaint'.
- Not having access to her account.
- Not being able to speak to someone at NatWest without having her long card number.
- Having no way to bring the account up to date.
- The online chat agents (as opposed to the virtual assistant) did not understand why she required her long card number.
- This issue was escalated because of the complaint she had made with NatWest making it difficult for her to sort out her problems and then by making an offer and removing it.

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.

As I set out in my provisional decision, my role is to reach a fair and reasonable decision based on the circumstances of the case. And I explained my considerations would focus on

what I considered to be relevant to reaching a fair and reasonable resolution, so would not respond to each and every point either party raised. I also add now, for the avoidance of doubt, that my role is not to fine or punish a firm, or interfere with their processes, systems or controls – which are considerations for the appropriate regulator.

While I'm aware of the text messages Mrs B has referenced, I did not think that overall these had a bearing on the outcome of this matter. The complaint team let Mrs B know in their call on 3 September 2024 that the complaint could take a while to be looked at and that in the meantime, given the status of Mrs B's account, that she should go back on the number she had called the previous day to speak with the Financial Health and Support team to discuss putting a plan in place.

I've noted Mrs B's comment about not having access to her account, and I understand that removing a cancelled account from the app is part of NatWest's process. As I've explained, how NatWest decide to operate is not something I can interfere with, and not having access to the account on the app did not remove other means of communication with NatWest, although Mrs B has expressed her frustration with other communication channels.

I've considered what Mrs B said about being unable to speak to someone without the long card number, but it seems Mrs B would have had access to the long card number via her statements and letters she was sent from NatWest. NatWest have also said calling through to their customer services line would not have required the card number as Mrs B could have been transferred through accordingly. This forms part of how NatWest's systems work and something I can't interfere with. So I've not seen enough to be persuaded NatWest have done something wrong here.

I'm unable to agree Mrs B was prevented from being able to bring the account up to date, given it is apparent Mrs B had, in the absence of a direct debit, previously made payments to the account using other methods e.g. faster payment. If Mrs B's concerns are that making payments to her account is something she is *now* finding difficult to do, then this would need to be raised as a separate matter.

I realise Mrs B's personal and financial circumstances are not easy and this was something I considered while reviewing the complaint. But when considering the impact of any error made by a firm, I must also consider whether there were things the individual may have been able to do in order to reduce any impact.

On balance, I think Mrs B was aware of the status of her account and how she could make payment to it. The submissions available show NatWest had let Mrs B know they required an income and expenditure assessment to determine if a plan would be possible – no income and expenditure assessment was completed, and this could not be done without Mrs B's engagement. As already mentioned, NatWest also let Mrs B know where she could find internal and external support to help her. And before the default was reported Mrs B was directed to speak with the Financial Health and Support team.

I realise Mrs B's submissions are that with the removal of her account from the app, and the difficulties in dealing with NatWest on the phone and via the online chat, this prevented her from sorting out her account. But I think overall there were reasonable attempts on NatWest's part to engage with Mrs B and Mrs B more likely than not understood action needed to be taken on her account and was aware of how payments could be made.

There is also nothing that has persuaded me there was any failure to set up a payment plan as it was discussed between the parties that an income and expenditure assessment would need to be completed first, and this did not happen. Mrs B was made aware of the support

available to her and given notice that a default would be reported on her account. And as I've explained, I think NatWest fairly reported the default.

NatWest did, subject to certain conditions, consider potentially removing the default for Mrs B as a means to resolving this matter – although I note during these exchanges Mrs B was reluctant to agree to the terms on which NatWest were proposing to do this, and with the removal of the offer the Investigator's view was that the default had been fairly applied. As I've explained above, I think NatWest were entitled to report the default and in the circumstances it was fair of them to do so.

In light of the above I do not uphold Mrs B's complaint and find the offer made by NatWest to reflect some shortcomings in service is fair in the circumstances. I do however remind NatWest to treat their customer fairly, with forbearance and due consideration going forward.

My final decision

I recognise my findings will come as a disappointment to Mrs B, but for the reasons above I do not uphold Mrs B's complaint.

NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY have already issued their cheque for £75 to Mrs B. If Mrs B would prefer this to be paid to her account directly, she should let NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY know.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 3 October 2025.

Kristina Mathews
Ombudsman