

The complaint

Mr H is complaining about the way National Westminster Bank Public Limited Company (NatWest) calculated the redress due in respect of a previous complaint.

What happened

In 2018, NatWest approved a loan to Mr H to refinance some of his existing debt. In 2023, Mr H complained that the loan was unaffordable and NatWest shouldn't have lent to him. An investigator at the Financial Ombudsman Service upheld Mr H's complaint in early 2025 and both parties accepted the investigator's view.

NatWest then said there was nothing to pay to Mr H. Mr H disputed this, and then raised a further complaint to NatWest, saying he ought to receive a refund of interest and charges as the investigator had recommended.

NatWest didn't uphold Mr H's complaint and he brought it to our service. An investigator looked into it but didn't uphold the complaint. She said NatWest had reduced the total amount Mr H owed to him by the interest and fees charged on the loan, in line with the recommendations in the previous investigator's view.

Mr H was unhappy with our investigator's view. He said the loan had been written off into an Individual Voluntary Arrangement (IVA) several years ago, so he didn't owe NatWest anything. He said he'd settled the IVA, and he'd paid much more towards the NatWest loan than the investigator had reflected in her view. He also said he'd received no compensation for the distress caused by the unaffordable loan. Mr H asked for an ombudsman to review the complaint – and it's come to me.

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 done so, and recognising this will be disappointing for Mr H, I'm not upholding his complaint. I'll explain why below.

For the avoidance of doubt, I'm not revisiting the merits of Mr H's complaint that the loan was unaffordable, because both parties previously accepted our investigator's findings and recommendations in respect of that complaint. Instead, I'm considering whether NatWest acted fairly in how they've interpreted those recommendations.

The investigator's view in relation to Mr H's previous complaint said:

“As I don't think NatWest Bank ought to have opened the account, I don't think it's fair for it to be able to charge any interest or charges under the credit agreement. But I think [Mr H] should pay back the amounts they have borrowed.

Therefore, NatWest Bank should:

Rework the account removing all interest, fees, charges and insurances (not already refunded) that have been applied.

If the rework results in a credit balance, this should be refunded to [Mr H] along with 8% simple interest per year calculated from the date of each overpayment to the date of settlement. NatWest Bank should also remove all adverse information regarding this account from [Mr H's] credit file.

Or, if after the rework there is still an outstanding balance, NatWest Bank should arrange an affordable repayment plan with [Mr H] for the remaining amount. Once [Mr H] has cleared the balance, any adverse information in relation to the account should be removed from their credit file.

If NatWest Bank has sold the debt to a third party, it should arrange to either buy back the debt from the third party or liaise with them to ensure the redress set out above is carried out promptly.”

I appreciate Mr H's perspective. From his point of view, he doesn't owe anything to NatWest and so any interest and charges he paid previously ought to create a credit balance and therefore be refunded to him.

But that's not how the account is viewed from NatWest's perspective. From their point of view Mr H didn't repay his debt to them. The dividends from the IVA weren't enough to cover the outstanding balance and the debt has been written off rather than settled. So, when NatWest reworked the account to remove all interest, fees and charges, as recommended by our investigator, it still showed an outstanding balance. But it clearly wasn't appropriate for NatWest to ask Mr H to pay them any more.

To put it another way, the investigator noted as part of his recommendation: “[Mr H] *should pay back the amounts [he has] borrowed.*” Although Mr H has discharged his debt to NatWest via the IVA, he hasn't paid back the amounts he borrowed. And so I'm satisfied NatWest are entitled to retain the interest and charges, and have acted fairly and reasonably in doing so.

I appreciate Mr H feels this doesn't put him back in the position he'd have been in if NatWest hadn't lent to him. But all I can consider is whether NatWest did what our investigator told them to do. And I'm satisfied they did.

Mr H has also complained that he hasn't received any compensation for the distress caused by the unaffordable loan and for having to enter into an IVA. But, as is clear from the above, the investigator didn't tell NatWest to pay any compensation for these items – they only had to compensate Mr H for any financial loss. And Mr H accepted this at the time. So I can't say NatWest have acted unfairly in this respect.

In summary, then, I'm satisfied that NatWest have acted fairly in how they've interpreted the redress recommended by our investigator in relation to Mr H's previous complaint.

My final decision

As I've explained above, I'm not upholding Mr H's complaint about National Westminster Bank Public Limited Company.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 February 2026.

Clare King
Ombudsman