

The complaint

Mr W complains that National Westminster Bank Public Limited Company (NatWest) unfairly defaulted his account.

What happened

Mr W had an overdraft with NatWest and in April 2023 it wrote to him to say that he needed to repay the overdraft or agree a suitable repayment plan by the 9 May 2023, and that if he was unable to do this he would no longer be able to use the account and he would be pursued for the debt.

Mr W says he contacted NatWest via the chat function and was told that a small payment into the account would prevent it from closing. So, Mr W paid £1.76 into the account on 9 May 2023, however, the account still closed and was eventually defaulted in September 2023. Mr W says this has prevented him from getting a mortgage and is having a significant impact on his life and future plans.

Mr W complained to NatWest about this. He says the letter he received said payment must be received by 9 May 2023 which implies that he had the whole of that day to make payment. NatWest maintained that the payment had been received too late to prevent the account closure and said the default had been correctly recorded.

Unhappy with NatWest's response Mr W referred his complaint to this service. One of our investigators considered the case but didn't think NatWest had acted unfairly in defaulting the account.

Mr W didn't accept what our investigator said. So, as there was no agreement, the complaint has been passed to me for a decision.

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.

Looking at what happened, I can see NatWest wrote to Mr W on 5 April 2023 to let him know he needed to take action on his account. It explained that he would need to repay the account or arrange a suitable repayment plan by 9 May 2023.

This was followed by a text message on 7 May 2023 letting Mr W know his overdraft would be removed in two days and telling him to call if he wanted to discuss it.

On 8 May 2023 Mr W contacted NatWest using the chat function to see if a small payment that day into the account would stop it from closing. The agent confirmed it would.

On 9 May 2023 Mr W paid £1.76 into the account, but this didn't prevent the account from closing. Aside from two 1p payments into the account, this was the last payment made into

the account by him until he cleared the balance in 2025. As Mr W didn't clear the balance or arrange a suitable repayment plan, the account was defaulted on 30 September 2023.

NatWest has agreed the deadline in its letter on 5 April 2023 was a little ambiguous, but I don't think this means the default has been recorded unfairly.

I can see that NatWest and its agents attempted to engage with Mr W about the account on multiple occasions before it was defaulted and I think the letter from NatWest dated 5 April 2023 was clear about what would happen if Mr W didn't take the appropriate action on the account. Although Mr W made a small payment to the account on 9 May 2023, I can't see that he made any further payments to the account to clear the balance at that time or shortly after. I also can't see that he contacted NatWest again to arrange a suitable repayment plan.

Mr W has said he had the funds to repay the overdraft and that he didn't receive the communications from NatWest or its agents because he was out of the country and nobody was opening his post. I don't doubt what Mr W has said but I can't see NatWest were informed of a change of address or that Mr W would be out of the country. So, I don't think it was unreasonable for it to continue to communicate with Mr W using the contact details it held for him. I also note that this was the only account that Mr W held with NatWest and, although he's evidenced he had funds in an account with another provider, I can't see that any payments or attempts to discuss the account were made between 8 May 2023 and 30 September 2023 when the account was defaulted.

Whilst I appreciate Mr W's frustration with the ambiguity around when the overdraft would be removed, I don't think this is the reason the account was defaulted. Ultimately, NatWest made Mr W aware that action needed to be taken to repay the overdraft, it set out how this could be done and what would happen if the overdraft wasn't repaid, which was reasonable. Whilst Mr W made a payment to the account on the 9 May 2023, even if this had prevented the account from closing, I don't think it was ultimately enough to satisfy the steps required in the letter on 5 April 2023 and I can't see that those steps were taken on or close to 9 May 2023 or before September 2023.

Whilst NatWest may have withdrawn the overdraft on 9 May 2023, the account wasn't defaulted until the end of September 2023 meaning Mr W had a further 4 months to repay the overdraft before the account was defaulted. As Mr W didn't contact it in that time to set up a payment plan or repay the overdraft, I don't think NatWest unfairly recorded the default and the default is a fair reflection of how the account was managed.

I've thought carefully about all the evidence provided by each party. I appreciate what a disappointment this will be to Mr W but, I don't find that NatWest has acted unfairly in this case based on what I've seen.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 16 December 2025.

Charlotte Roberts
Ombudsman