

## **The complaint**

Mr R complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (NatWest) treated him unfairly when it defaulted his account.

## **What happened**

In June 2021 Mr R entered a debt management plan which included his outstanding overdraft debt with NatWest. In November 2021 NatWest defaulted his account. Mr R has said that at the time he entered the debt management plan he was suffering with financial difficulties and with his wider health. He's said he doesn't feel it was fair or reasonable to default his account and that this was done as a punishment when he was trying to find a responsible way to manage his debt.

In addition, Mr R has said the situation has impacted on his ability to access fair and affordable credit. Furthermore, Mr R is unhappy with the generic letters which were sent informing him of the default. He has said he found them threatening and this caused him additional distress.

NatWest considered his complaint but didn't uphold it. It explained that when a debt management plan is agreed, it breaks the terms and conditions of the account. Following this, the bank is required to send certain regulatory letters and it informed Mr R that it needed to do this. NatWest has also said it needed to report accurately to credit reference agencies and it explained this in the letters sent to Mr R.

Mr R didn't accept NatWest's response and so referred his complaint to our service. One of our investigators considered the complaint but didn't uphold it. They didn't think NatWest had treated Mr R unfairly with regards to the letters sent or by registering the default. The investigator agreed NatWest was required to report accurately to credit reference agencies and that this should have been explained to him when he entered the debt management plan.

In response, Mr R disagreed with our investigator's assessment. He stated that the investigator had failed to consider what was fair and reasonable given he was a vulnerable customer. And he thought that defaulting an account which was in a debt management plan was a failure to exercise forbearance. Finally, he argued NatWest was responsible for its decision to default the account and the appropriateness of the correspondence sent. So, he asked for an ombudsman to consider the complaint.

## **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, I'm not going to uphold this complaint. I appreciate this will be disappointing to Mr R. I'll explain why below.

I've read everything that the parties have said, but I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point it's not because I've failed to consider it, but because I don't think I need to comment in order to reach a fair and reasonable outcome. And our rules allow me to do this. This reflects the nature of our service as a free and informal alternative to the courts.

### *Defaulting the account*

As explained above, Mr R entered the debt management plan in June 2021. This was a breach of the terms and conditions of the account, as it meant Mr R was making significantly reduced payments towards the outstanding balance. And so, by around November 2021 NatWest defaulted the account.

NatWest had a responsibility to report accurately to credit reference agencies and so, regardless of a debt management plan being in place, NatWest still needed to meet its requirements. This wasn't done to additionally punish Mr R as he has argued, it was because NatWest is required to do this. The Information Commissioner's Office ("ICO") guidance states that an account should be defaulted when the account has been in arrears for between 3-6 months. And the information I have suggests NatWest defaulted the account within a similar time frame. It's also a common feature of a debt management plan that the affected debt would be reported adversely to credit reference agencies and information about this should be provided to someone considering this action.

Mr R thinks that it wasn't fair or reasonable to default his account and that this was a failure to exercise forbearance to a vulnerable consumer. However, I disagree. As I've explained, NatWest needed to report accurately and so I don't think, in the circumstances of this case, that Mr R's vulnerabilities or the debt management plan should have prevented it reporting adverse information. I also don't think it would have been fair or reasonable for NatWest to keep reporting missed payments and arrears on his account, which would have been the alternative to defaulting the account. This would have had the effect of demonstrating to other providers of credit that the missed payments and arrears were still an ongoing issue. And it's likely as time went on that this would have had a greater impact on his ability to access further credit.

I can also see that NatWest did exercise reasonable forbearance. When Mr R notified NatWest that he was working with a debt management company in March 2021, NatWest agreed a 30-day breathing space hold on the account. It also accepted the repayment amount from the debt management charity in June 2021 and since this time it hasn't added any further interest or fees to the debt.

So, whilst I appreciate this must have been a difficult and stressful time for Mr R, I think the steps NatWest has taken were fair and reasonable in the circumstances. And I don't agree NatWest failed to offer forbearance to a vulnerable customer.

### *Communicating the default*

I've considered the actions NatWest has taken to communicate the default and again I think these were fair and reasonable in the circumstances.

NatWest was required to send certain letters communicating the default so Mr R would have an understanding of what was taking place on his account. I've seen examples of the letters sent and I don't think these were inappropriate or designed to threaten. However, the letters did need to be clear about the potential impact of the account defaulting. I also note that during a call in June 2021, NatWest explained to Mr R that he would receive a further formal

demand letter. So, Mr R was aware at this point that these were standard letters and so would be sent regardless of him entering the debt management plan.

I appreciate Mr R strongly believes that NatWest has treated him unfairly, but having carefully considered the arguments Mr R has made, I don't agree. And so I'm not going to uphold this complaint.

### **My final decision**

My final decision is that I don't uphold this complaint against NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 13 March 2026.

Claire Lisle  
**Ombudsman**