

## The complaint

Mr L complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (NatWest) recorded adverse information on his credit file.

## What happened

My provisional decision set out the background to this complaint:

*“Mr L held a current account with NatWest for a number of years. The account had an overdraft from 2013. By mid-2023, Mr L was struggling to maintain his account within the agreed overdraft limit. Mr L contacted a debt charity, who put forward a debt management plan (DMP) proposal to NatWest in August 2023.*

*NatWest agreed to Mr L’s DMP in September 2023 and issued an ‘overdraft termination notice’. The notice demanded Mr L repay his overdraft by 21 October 2023 or he’d no longer be able to use the account. The letter said NatWest may then instruct a third party to recover the outstanding balance owed to it, and missing payments may be reported to the credit reference agencies. Mr L complained to NatWest, who issued a final response to this complaint on 20 November 2023. NatWest said Mr L had complained that the notice was over the top and the wording was harsh. NatWest said the letter was designed to make him aware of the position of his account and intended to help him “correct any issues.... without the need for any formal recovery action.” NatWest went on to confirm a third party was now managing his account.*

*NatWest defaulted Mr L’s account on 31 January 2024. After discovering the default, Mr L complained to NatWest. NatWest responded to his complaint on 21 March 2025. NatWest said it had issued an overdraft termination notice in September 2023, which explained the account would default. NatWest said it was the debt charity’s responsibility to advise Mr L his account would be defaulted.*

*Mr L referred his complaint to our service. One of our Investigators didn’t think his complaint should be upheld. Mr L disagreed, saying he wasn’t informed his account would default. So, this has come to me for a decision.”*

The findings of my provisional decision were as follows:

*“I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.*

*Section 87 (1) of the Consumer Credit Act 1974 sets out NatWest’s obligation to issue a default notice before it can become entitled to terminate the agreement. As part of the default notice, NatWest must provide a copy of the current default information sheet set out under Section 86A of the Consumer Credit Act.*

*I accept NatWest sent an ‘overdraft termination notice’ to Mr L. The notice says NatWest will*

*remove the overdraft limit and information “may” be recorded on Mr L’s credit file. However, the information doesn’t provide the information required under a default notice. NatWest didn’t provide the Financial Conduct Authority’s default information sheet. I think it’s clear Mr L was unaware his account would default if he didn’t pay the outstanding balance in full given he went on to complain to NatWest after receiving the overdraft termination notice. This was NatWest’s opportunity to clarify what would happen to his account, but it didn’t do so. It is clear Mr L wanted to avoid his account defaulting and, because NatWest didn’t clearly communicate a default notice, Mr L was not given an opportunity to avoid the default.*

*I note NatWest says it was the debt charity’s responsibility to inform Mr L his account would default. But the debt charity weren’t Mr L’s appointed representative and NatWest still had an obligation to communicate clearly with Mr L and issue a default notice to him – it still sent him the overdraft termination notice so NatWest accepted it still had a responsibility to continue communicating with Mr L directly. I also can’t see any evidence to show that NatWest informed the debt charity it would default the account and it was the charity who failed to pass this information on to Mr L.*

*Overall, I don’t think NatWest clearly communicated it would default Mr L’s account. Instead, he was told the overdraft termination notice was a ‘standard letter’ to help him “correct any issues.... without the need for any formal recovery action.” Mr L wasn’t clearly informed he had an opportunity to repay the outstanding balance owed to avoid the account’s default. So, I think NatWest should remove the default from Mr L’s credit file. It’s clear this issue has also caused him upset and inconvenience, and I think it should pay him £200 to compensate him for this.”*

Mr L accepted my provisional decision but NatWest did not. NatWest said its standard process is to default an account entering into a debt management plan and it was the debt charity’s responsibility to advise Mr L.

### **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 no new evidence or arguments have been provided in response to my provisional decision, I see no reason to depart from it. NatWest says it is standard procedure to apply a default after entering into a debt management plan, but it’s provided no evidence to show it informed the debt charity of this and it then failed to pass on the information to Mr L. NatWest hasn’t provided a copy of the default notice issued to either Mr L or the debt charity. So I remain of the view that NatWest failed to clearly inform Mr L that he had an opportunity to repay the outstanding balance owed to avoid the account’s default.

### **Putting things right**

NatWest should remove the default from Mr L’s credit file and pay him £200 compensation.

### **My final decision**

NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY should do what I have set out above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr L to accept or reject my decision before 13 November 2025.

Victoria Blackwood  
**Ombudsman**