

The complaint

C, a limited company, complains about the way National Westminster Bank PLC dealt with its commercial mortgage after it fell into arrears.

C's director, who I'll refer to as Ms N, has dealt with the complaint on behalf of C. Ms N says her mental health has been affected and the stress led to her taking time off work and impacted her income.

What happened

C took out a commercial mortgage with NatWest in 2007. The loan fell into arrears. NatWest issued a formal demand in 2012 and the loan was transferred to its debt recoveries team.

Ms N said it was unfair for NatWest to issue a formal demand and permanently transfer the account to its debt recoveries team in 2012. Ms N said she brought a complaint to this service in 2013, after which NatWest retracted foreclosure but refused to return the account from the debt recoveries team.

NatWest agreed 12 month payment plans with C. The amount C repaid each month was reduced when its business was affected by the Covid-19 pandemic. C ceased trading and the security property – which was C's business premises – became vacant. Ms N paid mortgage payments from her own income. She says the time hasn't been right to reopen the business, but in 2024 she was planning this for 2025.

In June 2024 NatWest agreed a payment plan for six months. In November 2024 NatWest contacted Ms N to ask for information about her circumstances to consider a new plan.

Ms N says she didn't agree with the June 2024 payment plan being in place for six months. She says this is a departure from her agreement with NatWest that there will be annual reviews. Ms N says NatWest asked for information about her financial circumstances and health in late 2024, which she found intrusive and says isn't necessary. Ms N raised complaints on behalf of C in late 2024.

Ms N told NatWest she's unhappy with the way NatWest's account manager dealt with C's account. She says she doesn't have a working relationship with the account manager and wants a change.

NatWest said the account manager had followed the correct process. It said it was only able to agree a payment arrangement for six months, due to Ms N's financial situation. She was working part time and unable to make sufficient payments to address the arrears. It wanted to be able to review Ms N's circumstances, to see if they improved. NatWest said Ms N is personally liable (under her guarantee) and it will review matters every six months. It confirmed the account will remain with the debt recoveries team.

Ms N said NatWest didn't give her the email address so that she could raise a complaint directly with the complaints team. NatWest upheld this part of Ms N's complaint, saying Ms N should have been given an email address to contact the complaints team.

Ms N says this has impacted her mental health. She'd like to discuss a payment plan with NatWest – she says she can repay the mortgage within the remaining term.

Our investigator said we'd considered a complaint from C in 2013 about the loan account being transferred to NatWest's debt recovery team, and wouldn't look into this again.

Our investigator said it was reasonable for NatWest to put a shorter plan in place as Ms N said she was struggling financially and the amount she said she could afford wasn't enough to repay the loan within the remaining term. Our investigator said it was reasonable for NatWest to review Ms N's circumstances before agreeing a new plan.

Our investigator said NatWest's account manager hadn't made errors or provided poor service. So she couldn't require NatWest to change the manager. And while NatWest said it should have given Ms N contact details for its complaints team the inconvenience caused didn't make it fair to require it to pay compensation.

Ms N didn't agree. She explained the history of C's relationship with NatWest and why she feels it treated C unfairly.

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.

This is a commercial mortgage, which C entered into in relation to its business. It's not a regulated mortgage and it isn't subject to the same rules on mortgage regulation as a regulated mortgage. When C took out the loan it agreed to repay it in accordance with the loan terms and conditions. Because the loan is secured on C's property, NatWest can ultimately take possession of the security property to recover the debt.

C previously brought a complaint to us about its account being permanently transferred to the debt recovery team in 2012, which I won't be revisiting.

This complaint has been brought to us on behalf of C. As C is a limited company it doesn't feel worry, upset or stress. I can't usually require respondents to pay compensation for the losses, worry and upset of a third party – such as Ms N. So while Ms N told us that she finds this matter upsetting and her health has been affected, that's not something I can require NatWest to pay compensation for as part of this complaint.

The mortgage has been in arrears for some time. NatWest says the payments it receives aren't enough to repay the mortgage within the term. C isn't trading and Ms N has been making payments on C's behalf. She told NatWest she'd been off work or working part time due to health issues. NatWest says Ms N told it in mid-2024 she could afford to pay £1,300 each month, but declined to complete an income and expenditure or provide medical evidence.

While NatWest had agreed to 12-month plans previously there was no obligation for it to continue to do so. In the circumstances, I think it was fair for NatWest to put a shorter plan in place so that it could review the situation again after six months. NatWest's notes of its discussion with Ms N in mid-2024 say Ms N preferred a 12 month plan, but agreed to contact NatWest in October 2024 to discuss the situation. The account manager said she'd chase Ms N by email if this didn't happen. The notes also say NatWest told Ms N that C needed to pay about £1,750 each month to repay the loan by December 2028, and it would pay more interest as a result of paying a lower amount.

NatWest wrote to Ms N at the security property to confirm the arrangement (to pay £1,300 each month for six months). It said it was concerned that the debt was increasing and Ms N needed to look at selling the property.

The six-month payment plan expired and NatWest didn't hear from Ms N. NatWest sent an email to Ms N in November 2024 asking her to return an income and expenditure form. In response, Ms N raised questions about why there was a short term arrangement, why NatWest was asking her for personal information and whether the account was with the recoveries team. Ms N also asked for account statements, as she said balances provided by the branch were different. I think NatWest answered Ms N's questions fairly and correctly.

Ms N wasn't satisfied and made a complaint. NatWest made an error here as it didn't give Ms N an email address for her to contact its complaints team directly. Ms N sent an email which was forwarded to the complaints team. C's account manager also told the complaints team that Ms N had made a complaint about how she was dealing with C's account.

Ms N told NatWest's account manager she was unable to discuss C's account in December 2024 due to a family bereavement. NatWest tried to contact Ms N in January 2025 by email and was told (by C's other officer) she was in hospital and unable to respond. It had post returned and sent an agent to the security property, who confirmed it was vacant. NatWest issued a final response in mid-February 2025.

It's unfortunate that Ms N was unable to discuss her complaint with the complaints team. I don't think this was solely due to NatWest failing to provide an email address. Ms N's circumstances and health meant she wasn't able to discuss C's account with NatWest in late 2024 and early 2025.

NatWest issued a final response on the basis Ms N's complaint related to her dissatisfaction with the account manager and the questions and issues she raised in late 2024. I think this was reasonable in the circumstances. If Ms N has further or different issues she'd need to raise them with NatWest.

Ms N objected to the payment plan being in place for six months and says she didn't agree to this. But that doesn't mean the plan was in place for 12 months. The plan expired in November 2024 and after this there was no plan in place to address the arrears.

Ms N has given a personal guarantee. She told NatWest she was making mortgage payments from her own income. While Ms N didn't want to provide information to NatWest about her finances and health, she did tell NatWest her health had affected her ability to work and her income. In the circumstances, I think it was fair for NatWest to ask Ms N for income and expenditure information in late 2024, so that it could assess what payments were affordable.

Ms N says NatWest should tell her what she needs to pay in order to repay the loan within the term. NatWest gave Ms N this information in mid-2024 and made her aware that the amount being paid each month wasn't enough to repay the loan within the term. As Ms N didn't provide evidence of her financial situation, NatWest had to accept what she told it about what she could afford to pay. Ms N paid more than agreed (£1,350 rather than £1,300), but this was still less than the amount needed to repay the loan within the term.

NatWest offered support to Ms N regarding her health, but said it needed information from her. Ms N said it was a private matter. Ms N doesn't have to share information about her health with NatWest – it's her choice whether to do so. But I think it's fair for NatWest to explain the basis on which it might be able to offer support, if that's something Ms N wants to consider. I don't think it's unfair for NatWest to ask for evidence, such as a medical letter.

C has a secured loan which has been in arrears for some time. Given that C isn't trading, it's unlikely it can repay the loan other than through the sale of the security property. C's director (Ms N) provided a guarantee and made payments agreed under payment arrangements. But these payments were not enough to clear the arrears and repay the debt within the term. Ms N didn't provide information about her financial situation to NatWest in late 2024.

NatWest allowed Ms N time in late 2024 to provide information so that it could agree a payment plan. It allowed Ms N further time when she said she was dealing with a bereavement and when it was told Ms N was in hospital, and for a month after she said she'd been discharged from hospital. I think this was fair in the circumstances.

I don't think NatWest made an error or treated C unfairly in 2024 or early 2025 so as to make it fair and reasonable to require it to change the account manager, put a 12-month payment plan in place or otherwise continue to hold recovery action.

NatWest has taken steps towards recovering the debt. This includes asking for a valuation of the property and issuing a 7-day notice which Ms N says isn't enough time for her to look into selling or remortgaging the property. Ms N is unhappy about this. She's also unhappy that NatWest said it would sell the property at auction, sent post to the security property and didn't close C's business current account and collected service fees without her knowledge. C should raise these issues with NatWest and give it an opportunity to respond. As C hadn't done so before bringing the complaint to us, I can't look into these issues here.

Ms N says NatWest sent correspondence to the security property despite knowing it was vacant and her previously asking for all correspondence by email. I'm not looking into this complaint here – it should first be raised with NatWest. But I have considered whether a problem with C's directors receiving post could affect the outcome of this complaint. I don't think that's the case. I think Ms N was given the information she needed during phone calls and by email.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 22 December 2025.

Ruth Stevenson
Ombudsman