

The complaint

Mr C is unhappy with NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY's ('NatWest') handling of a payment to his personal loan account.

What happened

After Mr C found himself in temporary financial difficulty in October 2024 and asked NatWest to put a pause on his loan payments. NatWest agreed to a forbearance plan from October 2024 until January 2025. Before the plan ended, it was agreed to further extend the plan until March 2025.

During the time the plan was in place, six months of arrears accrued totalling £2,041.68, and Mr C cleared these arrears on 28 April 2025. However, when the arrears figure was set out to Mr C it did not include the regular contractual loan payment due on 28 April 2025 – so this was not collected.

It was agreed NatWest would collect the missed payment of £353.85 (which included interest) on 30 May 2025 as a one-month payment plan. However, NatWest didn't collect it on 30 May 2025 as the funds in Mr C's current account were £254.43 and so NatWest deemed there were insufficient funds at the time.

Mr C raised his concerns with NatWest about what had happened. After reviewing the matter NatWest apologised as they recognised that due to Mr C's arranged overdraft of £200 on his current account, this meant Mr C did have the available funds for them to have collected the payment on 30 May 2025. So NatWest accepted they could have collected the payment at that time, and this would have avoided a missed payment.

To put things right NatWest refunded the interest that had been applied in relation to the payment and paid Mr C £50 for the trouble caused. NatWest requested that Mr C now make up the missed payment for April 2025.

Mr C didn't accept this as a resolution as he said he had not done anything wrong, and while Mr C made his subsequent contractual payments he did not pay the missed payment for April 2025.

Our Investigator did not uphold Mr C's complaint as they concluded, in the circumstances that NatWest had acted fairly to put things right, noting that Mr C was still responsible for repaying his loan, including the April 2025 loan payment.

Mr C disagreed with the Investigator. In summary Mr C said he had not caused the problem with the missed payment as the fault lay with NatWest not collecting the payment when they said they would, and therefore NatWest should bear the cost of this.

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.

I have only included a summary of what has happened above, but I have reviewed all the available evidence and submissions. And while I may not respond to every point each party has raised, this is because I have focused on what I consider relevant to reaching a fair and reasonable resolution in this matter.

NatWest have accepted they did something wrong here as they acknowledge Mr C did have enough available funds in his account on 30 May 2025 for them to have collected payment. So I think it reasonable to say the matter here for me to decide is whether what NatWest did to put things right was, taking everything into account, fair.

And having considered the matter, I think NatWest's actions to put things right were fair in the circumstances.

I realise these events have been frustrating for Mr C, and I've considered what he has said about the missed payment not being his fault. While it has been accepted that NatWest did not collect the payment in question when they could have done, I am also mindful that when Mr C took out his loan he agreed that each month he would repay the money he borrowed.

So while I am aware Mr C is seeking that NatWest cover the cost of this payment, or at least half the cost of this payment, I am not persuaded this would be fair given Mr C's responsibility to repay the loan.

If things had happened as they should have done then Mr C would have paid the instalment from his account on 30 May 2025 so I think it was fair for NatWest to return the interest applied because that didn't happen.

And I think it is reasonable to say Mr C was put to some trouble and upset because of NatWest's error. NatWest paid Mr C £50 to recognise this, which I think is fair in the circumstances. NatWest put things on hold from early June 2025 while they looked into what happened. And it was not long after this that NatWest realised what had gone wrong and took the above steps to recognise this. Mr C was then given a timeframe to make the required payment before NatWest removed the hold on his account. As noted above, Mr C has not made this payment.

Taking everything into account I've not seen enough to persuade me that NatWest have acted unfairly in the offer and actions they took to put right what had gone wrong. I think it reasonable to say Mr C owes the payment to NatWest for his April 2025 loan payment, and NatWest would be fair to report the missed payment to the Credit Reference Agencies.

It may help Mr C to know that when our service considers an award of compensation for distress and inconvenience this is to consider the personal impact something has had for someone. It is not a means of fining or punishing a firm – those are considerations for the appropriate regulator.

I realise this will not be the outcome Mr C was looking for, but in the circumstances for the reasons I have explained I think it is fair.

My final decision

For the reasons above, my final decision is that I do not uphold Mr C's complaint.

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

Kristina Mathews
Ombudsman