

The complaint

Mr W complains about the support National Westminster Bank Public Limited Company gave him as a vulnerable customer.

What happened

Mr W held a NatWest credit card account which had an outstanding balance of over £9,000. Mr W hadn't made any repayments to the account since April 2024.

On 1 August 2024, Mr W rang NatWest and told them he was no longer working. He says he entered the "Debt Respite Scheme" (DRS) when NatWest applied 30 days of breathing space to his account.

Mr W called NatWest on 5 September 2024 to ask for the breathing space to be extended but the call cut out before the breathing space was applied. NatWest then sent Mr W a default notice on 7 October 2024, which said he had until 28 October 2024 to repay the arrears of around £460.

Mr W called NatWest on 15 October 2024 to ask about the default notice he'd received. NatWest said it wouldn't default his account whilst his complaint was being investigated. However, NatWest then did default his account on 28 October 2024 before it issued its final response to his complaint on 5 November 2024.

In its final response, NatWest said it hadn't called Mr W during his breathing space and said it'd been entitled to default his account.

Mr W referred his complaint to our service. In summary he felt NatWest were in breach of the DRS and had broken rules by defaulting his account whilst he had an ongoing complaint. Mr W felt NatWest had failed to meet its obligations against him as a vulnerable customer and its actions constituted discrimination in breach of the Equality Act 2010. Mr W asked for his account to be re-instated, his debt written off, the default removed and compensation for the impact this matter has had on him.

Since Mr W referred his complaint to our service, he informed us that NatWest had passed his account to a debt collections agency. Mr W also complained that NatWest had lent to him irresponsibly in offering him a £9,300 credit limit. Mr W was also unhappy with NatWest's recent response to his request for his personal data.

One of our Investigators explained to Mr W he would need to make a new complaint to NatWest if he felt it had lent to him irresponsibly. The Investigator also explained we couldn't decide if NatWest had breached the Equality Act 2010.

Having considered his complaint about NatWest defaulting his account, the Investigator didn't think it should be upheld. They said NatWest couldn't apply breathing space on 5 September 2024 without making him aware of how it worked and NatWest was ultimately entitled to default his account.

At Mr W's request, his complaint was referred for an Ombudsman's decision. Mr W reiterated his complaint points. He also said NatWest had breached DISP 1.6.2 R by taking recovery action. Mr W felt NatWest should have taken care to ensure additional breathing space was arranged after his call on 5 September 2024 was cut off because he's a vulnerable customer.

My provisional decision of 19 November 2025 set out my provisional findings:

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

I've considered everything that Mr W has said and as well as the submissions by NatWest. If I don't address certain points, it's not because I haven't considered them. It's because I'm going to focus on what I consider to be the crux of the complaint. I hope Mr W realises I mean no disrespect by this, but it simply reflects the informal nature of this service.

I've listened to Mr W's calls with NatWest on 1 August 2024. Mr W said he wasn't sure what he could afford to pay. NatWest agreed to put a 30 day hold on the account as he was in contact with an independent debt charity. NatWest explained it was for Mr W, or a debt charity, to get back in touch with a repayment plan as soon as possible. Mr W was informed that the arrears accruing would be reported on his credit file and his account would be closed if it reached five months of no repayments. At this point, I think NatWest had clearly explained the recovery process and acted reasonably in applying breathing space to Mr W's account.

I note that Mr W says this breathing space was set up as part of the DRS. However, the DRS can only be started by a debt advice provider who is authorised by the Financial Conduct Authority (FCA) to offer debt counselling or a local authority (where they provide debt advice to residents). It was Mr W who called NatWest to arrange the breathing space NatWest applied so I'm satisfied it wasn't set up under the DRS. So, I've not considered Mr W's comments about the DRS further.

Mr W called NatWest again on 5 September 2024. He said he'd received calls from NatWest during his breathing space. However, I've seen no documentary evidence to support this aspect of Mr W's complaint. It's not clear why the call was disconnected but it appears NatWest was prepared to offer a further 30 days of breathing space. Perhaps NatWest could have done more to ensure it was applied. However, it doesn't appear NatWest progressed the collections process within 30 days. It didn't send the default notice until 7 October 2024. And as NatWest had explained previously, the purpose of the breathing space was to allow Mr W time to provide repayment proposals and it doesn't appear that he got back in touch with NatWest until after he received its default notice.

Mr W says NatWest shouldn't have issued a default notice whilst he had an ongoing complaint. However, NatWest wasn't obliged to suspend recovery action because a complaint has been raised. Mr W says NatWest is in breach of FCA CONC 7.9.6, which he says sets out that "A firm must suspend the pursuit of recovery where a customer has disputed the debt and/or it is subject to a complaint under review by the Financial Ombudsman Service." However, this is not what CONC 7.9.6 says – this refers to call charges. There is a CONC rule that sets out that a firm must suspend recovery of a debt where it is disputed on valid grounds. Valid grounds are defined as the individual being pursued is not the true borrower, the debt does not exist or the amount of the debt being pursued is incorrect. These grounds don't apply to Mr W's complaint, so NatWest wasn't obliged to pause recovery of his debt on this basis. In any event, NatWest isn't obliged to delay defaulting an account because a customer has made a complaint or referred it to our service. Delaying a default can have negative consequences for a consumer. This is

because the bank is only obliged to permanently suspend interest and charges once an account is defaulted, and adverse information remains on a consumer's credit file for longer.

Mr W's statements show he last made the required minimum repayment in April 2024. His statements from June 2024 onwards show his account was in increasing arrears. The Information Commissioners' Office (ICO) sets out that a default normally occurs when an account is three to six months in arrears. More than five months of arrears had accrued by 7 October 2024 so I don't think it was unreasonable for NatWest to issue a default notice. NatWest didn't receive any evidence to show it was affordable for Mr W to bring the account up to date and maintain his contractual minimum repayments by 28 October 2024. So, I think NatWest was entitled to record Mr W's account as in default and I don't think it is obliged to re-open his account or write off his outstanding balance, as he has requested.

However, I listened to Mr W's call with NatWest on 15 October 2024, and it did tell him that no action would be taken as a result of the default notice. Despite this, the account defaulted before NatWest sent its final response on 5 November 2024. When something goes wrong, as it did here, the starting position is that we'd expect the bank to put things right as if this error hadn't happened. Here, the mistake NatWest made was that it incorrectly said it wouldn't record a default. It is not proportionate to say the bank must remove the default when there is an outstanding balance owed to it. Instead, I've considered the impact of it giving this incorrect advice.

So, I've thought about what Mr W would have done if he'd been made aware his account would still default on 28 October 2024 if he didn't repay the arrears. As I've said above, Mr W hadn't provided evidence to show he could afford to bring the account up to date and maintain his minimum repayments. So, I think it's likely the account would still have defaulted if he'd been given the correct information on 15 October 2024.

Mr W has explained the impact the process of his account being defaulted has had on him. Whilst I think NatWest was entitled to default the account, it has made matters worse by mistakenly telling him it wouldn't default his account whilst his complaint was ongoing. To compensate him for the distress and inconvenience caused by this incorrect information, I think NatWest should pay Mr W £250 compensation. I realise this is likely to be far less than Mr W had hoped for, but as I said above, I don't think NatWest is obliged to remove the default or write-off his debt.

Finally, Mr W says NatWest has breached FG21/1 – guidance for the fair treatment of vulnerable customers. As I said above, NatWest was entitled to default his account even though is a vulnerable customer. I've listened to Mr W's calls with NatWest, and I think they provided appropriate information about the support available to him. Mr W says NatWest didn't make reasonable adjustments for him but he didn't share any particular communication needs. The staff on the calls I listened to were professional and understanding; they checked Mr W was able to communicate with them and understood what they were saying to him, so he didn't need NatWest's specialist support team to help him communicate with the bank.

As our Investigator explained, it's not my role to make a finding on whether NatWest was in breach of the Equality Act 2010. But having considered its actions in light of the relevant legislation, rules and guidance, I think NatWest was entitled to record his account as in default. The only error I have found is that NatWest mistakenly told Mr W his account would not default whilst his complaint was under investigation, and I have explained above that I think NatWest should pay him £250 compensation to acknowledge this.

I note Mr W has said NatWest referred his account to a debt collections agency. This happened after NatWest's final response of 5 November 2024. I've only considered Mr W's

complaint about NatWest's actions that were raised prior to its final response. If Mr W wants to complain about NatWest's actions after this date, including its referral of his account to a debt collections agency and its response to his request for his personal information, he should contact NatWest directly. Mr W had not previously complained that NatWest lent to him irresponsibly by offering him a £9,000 credit limit so this has not formed part of this complaint. As our Investigator explained, Mr W should complain to NatWest about this matter directly."

NatWest accepted my provisional decision. Mr W said he accepted my provisional decision on the understanding that the affordability of his loan, NatWest's response to his SAR and subsequent collections activity had not formed part of this 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 see no reason to depart from my provisional decision. I note Mr W says he accepts my provisional decision on the understanding that collections activity, including the involvement of a debt collections agency, have not been considered. As I said in my provisional decision, I have covered NatWest's actions, including its decision to default the account, until the date of its final response of 5 November 2024. Mr W may make a new complaint about NatWest's actions since that date if he chooses to do so.

Putting things right

If it has not already done so, NatWest should pay Mr W £250 compensation.

My final decision

I uphold this complaint and require National Westminster Bank Public Limited Company to do what I have set out above,

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 30 December 2025.

Victoria Blackwood
Ombudsman