

## **The complaint**

Mr Y complains that National Westminster Bank Public Limited Company (NatWest) obtained a County Court Judgement (CCJ) against him while he should have been protected from such action under 'breathing space' rules.

## **What happened**

Mr Y's complaint relates to three loan accounts he had with NatWest. He got into financial difficulties and couldn't maintain the monthly contractual repayments. As a result, Mr Y sought the help of a debt charity, who applied for 'breathing space' for Mr Y, and set up a debt management plan (DMP).

However, Mr Y states that NatWest violated the breathing space rules and obtained a CCJ against him while he was in breathing space.

Mr Y says he has suffered extreme distress, anxiety and sleepless nights over the wrongful legal action NatWest took against him. He says the CCJ has had devastating financial consequences for him.

NatWest responded to Mr Y's complaint and agreed it had made a mistake in defaulting two of the loan accounts while they were in breathing space, but it said it would have taken action to default the accounts after breathing space anyway. It also explained that it would have applied for a CCJ regardless given the loan account balances. It also agreed it hadn't responded to Mr Y's complaint within the time limits, and so for these two issues it agreed to pay him £100. Mr Y had complained to NatWest about the amount of calls he had tried to make to it, but it didn't uphold this part of his complaint.

An Investigator considered the information provided by both parties and decided that Mr Y's complaint should be upheld and that NatWest should pay him £500. The investigator acknowledged that NatWest shouldn't have sought to obtain the CCJ while Mr Y was in breathing space, and so they commented that they were pleased to see that NatWest had applied to have the CCJ set aside, which appears to have been successful. That said, the Investigator didn't think the defaults should be removed. They explained that while NatWest had recorded them earlier than they should have, the accounts would have defaulted regardless after the breathing space had ended, and so it was better for Mr Y that they were recorded earlier, as they'd be on his credit file for less time.

NatWest responded to the Investigator's view and questioned why £500 had been awarded in the circumstances. The Investigator explained their reasons in more detail, and NatWest ultimately agreed to pay the increased amount; however, it said it felt this amount was excessive for what had happened.

Mr Y didn't agree with the Investigator's view and felt that he should get significantly more compensation than the Investigator awarded. I have summarised his main points below:

- NatWest has breached the law.
- It has refused to rectify the matter until forced to by the court.

- It has made false statements and misrepresentations.
- Its actions have had a severe mental and physical impact on him.
- It has caused him long-term financial damage.

Because an agreement couldn't be reached, the complaint was passed to me to decide on the matter.

I issued a provisional decision on this case. That's because it was my intention to come to a different outcome to the Investigator. Because of this, I wanted to give both parties the chance to respond with anything else they wanted me to consider.

I have copied my provisional findings below, which also forms part of this final decision.

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

*Mr Y has made a lot of submissions to this Service in relation to this case. I have read everything he has sent, and I have taken into account all the information he has provided when coming to my provisional decision. I haven't specifically commented on every point Mr Y has raised, or referred to every piece of regulation he has referred to. However, I have taken this all into account when deciding on what I consider to be a fair and reasonable outcome in the circumstances of this case.*

DISP 3.6.1 says:

*The Ombudsman will determine a complaint by reference to what is, in his opinion, fair and reasonable in all the circumstances of the case.*

And DISP 3.6.4 says:

*In considering what is fair and reasonable in all the circumstances of the case, the Ombudsman will take into account:*

*(1) relevant:*

- (a) law and regulations;*
- (b) regulators' rules, guidance and standards;*
- (c) codes of practice; and*

*(2) (where appropriate) what he considers to have been good industry practice at the relevant time.*

*In practice, this means that while I'm required to take into account the law, I'm not bound to reach the same outcome as the law may say, because I'm required to decide matters on a fair and reasonable basis. I make this point because Mr Y has referred to a lot of rules and legislation which he says supports his case. As I've explained, I have thought about everything he's provided, but I haven't commented on most of what he's said, because ultimately, I don't need to do that to come to a fair and reasonable outcome. It's also worth noting here, that I can't make a finding that NatWest has acted unlawfully, as only a court can decide this.*

*The crux of Mr Y's complaint here is that NatWest has defaulted his loan accounts and obtained a CCJ against him while he was in breathing space.*

*It is correct that the rules around breathing space mean that it was wrong for NatWest to have taken action to enforce the debt while Mr Y was in breathing space. I think all parties agree on this. So what's left for me to decide is what NatWest should do to put things right.*

*I'll start by addressing the defaults. It seems clear to me that Mr Y's accounts had been in a sustained period of arrears. The Information Commissioner's Office (ICO) set guidance about when an account should default – and this is generally when it is between three to six months in arrears. That's just what happened here, for each of Mr Y's loan accounts, he was in at least three months of arrears at the point in which they defaulted.*

*Clearly, the account shouldn't have defaulted while Mr Y was in breathing space. But I'm persuaded by NatWest's comments that it would have defaulted regardless once the breathing space had ended in November 2024, given that the accounts were further in arrears by this point. For me to put right NatWest's mistake in defaulting the accounts earlier than it should have, I would be asking NatWest to change the default date to November 2024, which wouldn't benefit Mr Y, because the defaults would remain on his credit file for longer – so I won't ask NatWest to do this. But if Mr Y wants the default date changing to November 2024, then he should let me know in response to this provisional decision.*

*Overall, I'm satisfied that it is correct of NatWest to have reported the accounts as in default. That's because this is an accurate reflection of how the accounts have been managed. I won't be asking NatWest to remove the defaults.*

*Moving to the CCJ's that were obtained against Mr Y. NatWest say this was done in February 2025, and it has since applied to the court to have this set aside. I can see the Investigator has award £500 distress and inconvenience for the impact of the CCJ's, but I'm sorry to disappoint Mr Y, but I won't be doing the same. Ultimately, the courts decided that the CCJ was valid at the time, so it wouldn't be appropriate for me to now make an award for the distress and inconvenience the CCJ caused, when the court decided it should be applied. I note that the court has since agreed to set it aside, on the request of NatWest, but it doesn't follow that I should make an award for compensation for this. In doing this, I would be essentially undermining the court process, which wouldn't be appropriate for me to do, given that the court is a higher power to this Service.*

*In addition to what I've said here, while NatWest shouldn't have passed Mr Y's account to its solicitors until the breathing space had ended, a CCJ wasn't granted until February 2025, which was after the breathing space had ended in November 2024. I haven't seen any evidence of Mr Y being in breathing space when the CCJ was granted.*

*I note that NatWest has also explained that it agreed to have the CCJ set aside as a gesture of goodwill. Not because it made a mistake in applying for it. From the evidence I've seen so far, Mr Y wasn't in breathing space when the debt was ultimately enforced, and because of this, I'm minded to agree with NatWest that it hadn't made a mistake here.*

*Given that I won't be awarding redress for the impact of the CCJ, my consideration in relation to the compensation that should be awarded to Mr Y relates to the mistake it made in defaulting accounts while he was in breathing space. While I accept that this will have caused Mr Y some degree of distress; as I've explained, his accounts were in a position of default anyway – with some of them already having defaulted. I don't think it's mistake here warrants more compensation than what it has already offered to pay – which is £100.*

*I understand Mr Y will be very disappointed by my findings. I know he requested a decision because he felt that £500 wasn't enough to compensate him for what had happened. But for the reasons I've explained, I'm satisfied that the £100 was more than fair in the circumstances.*

*I note that NatWest did initially agree to pay Mr Y £500 – that offer might still be available to Mr Y, but I won't be ordering it to pay him this amount. I would appreciate it if NatWest could respond to this provisional decision and let me know if it does still agree to pay him £500 in total. If NatWest doesn't respond by the deadline, or it remains silent on the matter, I'll leave it up to Mr T speak to NatWest direct; although I should add that it may decide not to pay Mr Y more than it offered in its final response, which wouldn't be unreasonable."*

Mr Y provided a lengthy response, explaining why he didn't agree with my findings. I have summarised his main points below:

- The CCJ date in the provisional decision is wrong. The CCJ was entered into on 8 October 2024. He has provided evidence to support this.
- It was Mr Y who applied to the judgement to be set aside. The claim was dismissed "due to the circumstances in respect of the Defendant having entered into a Breathing Space."
- The 'breathing space rules' my decision refers to are binding law under Debt Respite Scheme (Breathing Space) Regulations 2020. Regulation 6(1) is unequivocal: "During a moratorium period, a creditor must not take any enforcement action against a debtor." NatWest's decision to default and enforce within that period was therefore a clear breach of statutory duty.
- To argue that it was "better" for Mr Y to be defaulted earlier because it would have happened later is both legally and factually indefensible. The assertion assumes inevitability — yet if he had been permitted to complete Breathing Space without unlawful interference, he could have made payments, reached an arrangement under a Debt Management Plan, or even avoided default. The entire purpose of the Breathing Space scheme is to give debtors the opportunity to recover and resolve matters before enforcement or default becomes unavoidable.
- When NatWest and its solicitor's sought to enforce the debt during breathing space, it caused a collapse of his mental health, financial stability and professional life. The purpose of the breathing space legislation is to protect the mental health of those in financial distress. Instead, NatWest's actions precipitated a medical crisis. He was referred to the NHS Mental Health Crisis Team, signed off work by a GP, and placed on permanent medication for anxiety and depression. These are not transient symptoms but a permanent injury to health directly resulting from NatWest's unlawful conduct.
- The court explicitly acknowledged the breach and directed that the matter be referred to both the Financial Ombudsman Service and the SRA. For this Service now to suggest that the issue was properly a matter for the court creates a regulatory vacuum. If the court defers to the Ombudsman and the Ombudsman defers to the court, then the protections afforded by law to vulnerable citizens are effectively nullified.
- To treat a proven breach of primary legislation as warranting only £100 compensation is manifestly disproportionate. The issue is not the timing of a default entry but that a bank and its legal representatives acted in defiance of a statutory prohibition. Fairness cannot exist where the law is ignored.

NatWest responded to my provisional decision and said that it felt that its original offer of £100 was a fair way to settle this complaint, and that it wouldn't pay Mr Y the £500 as suggested by the Investigator. It also explained that it was Mr Y who submitted the application for the CCJ to be set aside, and that once Mr Y let it know about this, it contacted the solicitors to ask them to agree to the application and that it would pay the costs – it said it did this as a gesture of goodwill.

## **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 considered all of the available evidence again, I have decided that the £100 NatWest has already agreed to pay Mr Y is a fair way to put things right in this case. I understand this decision will be very disappointing for him, as I can see how strongly he feels about what's happened in his case, however, I will respond to the points he's made below.

I'd like to thank Mr Y for providing the evidence he did in relation to the court dates. I can see that NatWest's solicitors submitted a court claim on 8 October 2024, while Mr Y was in breathing space. However, the judgement itself was granted on 25 March 2025, when Mr Y wasn't in breathing space.

I accept that NatWest shouldn't have taken the action it did to enforce the debt while Mr Y was in breathing space. I can't make a finding in this decision that NatWest has acted unlawfully, as I've explained in my provisional decision, only a court can make this finding. But what I can do is decide if he has been treated fairly in the particular circumstances of this complaint and to do this, I have taken into consideration relevant law including the Debt Respite Scheme (Breathing Space) Regulations 2020. It isn't in dispute here that NatWest acted unfairly when it defaulted Mr Y's account and took action to submit a claim to the court while Mr Y was in breathing space. So, to be clear, I accept that NatWest did something wrong.

In terms of how to put things right in relation to NatWest taking this action when it shouldn't have; I need to consider what would likely have happened had NatWest not made the mistake, and the overall impact to Mr Y of the mistake. I can see that Mr Y has said that he might have made payments or reached an arrangement under a debt management plan – and possibly avoided the default entirely. I agree all of this is possible, but I'm not persuaded this is what's more likely than not to have happened. The reason I say that is because Mr Y's financial circumstances at the time were very difficult, with multiple other defaults. I'd also need to be persuaded that NatWest saying it'd apply for a CCJ led him to not be able to handle matters like he said. But I can't ignore that Mr Y got the action regarding the CCJ halted while he was in breathing space, so, overall, I'm not persuaded NatWest's actions are solely responsible for what Mr Y says happened after this.

With that in mind – Mr Y's subsequent actions don't suggest that he would likely have been able to avoid a default – or NatWest taking action to obtain a CCJ against him. I say this because following the end of the breathing space, no further repayments were made. So it doesn't seem to me that Mr Y was in a position to come to an agreement to repay the accounts at the time – particularly given his difficult wider financial circumstances – and so it seems unlikely to me that enforcement action would have been avoided – even if NatWest had taken this action after the breathing space had ended. And as I've already explained I can see from NatWest's internal notes that Mr Y's account was put on hold from enforcement action after Mr Y had told the solicitors that he should have been in breathing space, so it essentially stopped further action while the breathing space was ongoing.

As I've already explained, putting things right in the circumstances of this particular complaint would mean that NatWest should record the default date at a later point in time, which wouldn't benefit Mr Y. But for the reasons I've explained, I don't think it likely the default would have been avoided, had NatWest waited until the breathing space had ended. And it is also very likely that NatWest would have taken the same steps to submit a claim via the courts for the same reasons, once the breathing space had ended, which it ultimately did do. My view on this, when taking all of the evidence I've seen into account is that it was

premature of NatWest to have taken this action – and I agree it shouldn't have done this while Mr Y should have been protected under the breathing space rules. But I don't think the position he is in would likely have been any different if NatWest had waited a month. And to be clear, I've seen nothing to suggest that that his overall position would have been different.

In terms of an award for compensation, I must stress here that this Service doesn't fine or punish businesses for getting things wrong. Our role is to, as far as reasonably possible, put right something that has gone wrong and consider awarding compensation for the impact of that mistake. In this case then, I have recognised and considered Mr Y's comments in how things have impacted him. And it's clear that he has been through a very difficult time. But in considering a fair compensation award, I have to consider the impact of the mistake and the consequences of such. Here, Mr Y already had defaulted loan accounts that happened prior to the breathing space being entered into. So I don't find it likely that the further defaults that happened prematurely are likely to have caused a significant impact to Mr Y. I accept that filing a claim with the court would likely have caused Mr Y some levels of distress. But I can see that it put a hold on further action after Mr Y contacted the solicitors. Ultimately, Mr Y was clearly in a difficult situation with his finances and unable to repay the loans he had taken out – this in itself is likely to cause significant distress. So overall and taking this Service's general approach to distress and inconvenience awards into account, I'm persuaded that the £100 NatWest has already paid Mr Y is enough here. And while I am truly sorry to have read about the difficult situation was in, I can't fairly say that it was solely the defaulting of one of his accounts, and a letter of claim being sent to him that has been the main cause of the impact to his mental health. I've also seen no evidence to support Mr Y's comments here. Ultimately, while NatWest clearly did get things wrong when Mr Y was in breathing space, it took action to put a hold on the court claim, and I haven't seen any supporting evidence to suggest that the impact Mr Y says followed was due to the mistake NatWest made.

I note Mr Y's comments in that the court had told him to approach this Service. But as I've explained, I can't make an award for a decision the court made. Much of the impact Mr Y has referred to has been as a result of the CCJ itself, and so I won't be asking NatWest to increase the compensation for this.

I have asked NatWest for further clarity about what happened when the CCJ was set aside. It's explained that it was Mr Y who applied for this. It said that it contacted its solicitors when it received Mr Y's communication and asked the solicitors to set aside the court order because of the breathing space – and it said it would cover the costs. It said it did this as a gesture of goodwill. I make this point as I know Mr Y wanted me to confirm that it was him who had submitted the application for the CCJ to be set aside. Although I make no finding on this point and it doesn't change the outcome of this complaint.

### **My final decision**

NatWest has already made an offer to pay £100 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that National Westminster Bank Public Limited Company should pay Mr Y £100 if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 7 January 2026.

Sophie Wilkinson  
**Ombudsman**