

The complaint

Mr B, a sole trader, complains about National Westminster Bank Public Limited Company's poor communications to him. He says this resulted in them unfairly putting his loans into default and closing his business account.

What happened

Mr B took out a bounce back loan in 2020 and a small business loan in 2023. He told us:

- In June 2024, he missed a repayment on his small business loan.
- In December 2024, he missed a second loan repayment.
- In January 2025, he attempted to log on to internet banking to find his business account had been closed.

NatWest said:

- When Mr B missed a loan repayment, they wrote to him. They also sent emails and text messages and tried to phone him about the arrears.
- In August 2024, they transferred his accounts to their Specialised Business Management team and carried on trying to contact him.
- In late September 2024, having heard nothing from Mr B, they wrote to him giving three months' notice that they would close his business account.
- In October 2024, they formally demanded repayment of the loans.
- On 15 January 2025, they closed his current account and transferred his loans to their Recoveries department.

Mr B complained to the bank, but NatWest didn't uphold the complaint, as they said they had followed their procedures correctly.

Mr B asked the Financial Ombudsman to look into what had happened. Two of our investigators did so, but neither consider that his complaint should be upheld, so Mr B asked for an ombudsman's decision.

Mr B said that all the bank's letters had gone to his old address and he hadn't received their texts. He said he had changed his address in branch, so he didn't understand why only correspondence address had been changed.

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 reviewed our investigator's conclusions, and the reasons for them. I agree with them although I will expand on a few points below. It follows that I won't be upholding this complaint.

First I will say that, regardless of whether Mr B received the letters that NatWest sent or not, it was the responsibility of Mr B, as the borrower, to ensure contractually required monthly payments for his loans were made. His obligations to make monthly repayments were clearly set out in the agreements at the outset and I'm satisfied that Mr B was aware of this. I say this because he has said he was aware of the missed payment, but thought that clearing the arrears might cause more credit file impact than leaving it.

As our investigator explained – and I don't think Mr B disputes this – the terms of his loans, specified that a missed payment is an event of default. These terms also state that a default on any debt owed to the bank is an event of default. And that in the event of default, the bank can use what is called its "right of set-off" to reduce the outstanding debt using any funds from an account in credit. These clauses are all standard practice in business lending and I don't find NatWest's use of them here to be unfair.

Mr B's loan agreements also set out the obligation to "notify the bank of any material adverse change in [his] business or financial condition". I think this makes it clear that the onus is on the borrower to engage proactively with the bank if they are unable to pay. I know Mr B argues that he didn't know who to contact about the arrears, and I appreciate that there is sometimes an element of inconvenience in contacting banks, but that doesn't remove this obligation.

Mr B knew himself to be in arrears and chose neither to correct the position (I appreciate he may not have had the funds to do this) nor to contact the bank. Instead, he has said that he concluded from an apparent lack of contact (due to address issues that I'll come on to) and a marketing call with the bank that didn't mention the arrears, that NatWest weren't concerned. I don't think this was reasonable. I'm afraid I consider his lack of action to be a risk he chose to take.

I appreciate Mr B argues that a gap of only 38 days between missing a payment and the transfer to the bank's Specialised Business Management area is premature. However, there is a difference between this department and Recoveries. This was not an irreversible transfer, but rather a move to a department that can pay closer attention to its customers, where there is some evidence of a credit problem. I do not see anything wrong or premature in such a transfer, when over a month has passed without arrears being made up or any contact from the customer.

Mr B's main argument is that the bank sent all the letters to his old address, so they were not received. He argues that, had he received the letters, he would have immediately taken action. He also points out that his statements went to the correct address, so he had no reason to suspect that anything had gone astray. And that he changed his address in person in a branch and was not told there was more than one address to change. He also mentions that the key letters did not appear on his banking app either.

NatWest have told us that Mr B changed his address only for statements, although they have no records of how this was done. Mr B says it was in branch and has provided a 2022 statement as evidence, but I can see this wasn't downloaded until 2023, and the bank have confirmed that statement records are dynamic, so will reflect the current address at the time of download. In any case, the date of the change is immaterial in my view, Mr B's key point is that all his addresses should have been changed.

I've thought about this carefully, and, like our investigator, I think it's possible that the bank made an error here if Mr B changed his address in branch and the bank didn't ask whether he wished to change his business address as well as his statement address. It's clear, in my view, that Mr B didn't intend to leave his old address associated with his business accounts. And I don't think there was any reasonable likelihood of him spotting this position later, since he was receiving all statements and day-to-day letters to the right address.

Nonetheless, I agree with our investigator, that even if NatWest made an error, it doesn't make it unfair for NatWest to close Mr B's account or declare a default on the loans.

Finally, I can see that, aside from the unreceived letters, the bank attempted to contact Mr B by text, email and phone call. I know Mr B disputes receiving any of the relevant text messages, although I'm satisfied that they were sent to the correct phone number. He does accept that he received the emails. Overall, I have concluded that the bank made sufficient, and reasonable, efforts to get in touch. And the onus remained with Mr B to clear the arrears or contact the bank, if he wished to avoid them taking recovery action.

My final decision

For the reasons set out above, I do not require National Westminster Bank Public Limited Company to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 12 March 2026.

Louise Bardell
Ombudsman