

complaint

Mrs P's complaint concerns a loan and an associated payment protection insurance (PPI) policy taken with National Westminster Bank Plc.

She's unhappy that NatWest applied PPI mis-sale redress to the arrears on her loan account.

our initial conclusions

Our adjudicator did not recommend that the complaint should be upheld.

He was satisfied NatWest was entitled to use the PPI redress to reduce the arrears on Mrs P's loan.

He also explained that NatWest provided two figures with regard to the PPI mis-sale redress as one included interest and the other did not.

Mrs P appeared not to accept that the bank can use the right of set off as the debt is being administered by a third party collections agent.

She also considered that NatWest offered to make two payments – of £1,426.14 and £1,771.11.

Mrs P also said her loan debt had not decreased by the amount which NatWest had said it would set off.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

the settlement of the PPI mis-sale complaint

I am satisfied that it is fair for the lender to use PPI redress to reduce arrears on the associated debts. This is in line with the legal position which allows people to 'set off' closely connected debts. This would allow NatWest to deduct from the debt Mrs P owes it, money that NatWest owes Mrs P.

I've thought carefully about what is fair given Mrs P's financial position. NatWest followed our usual approach in these circumstances and has done what the law would normally allow. So, I think it fair that it reduced Mrs P's loan arrears, as well as the outstanding balance of her advantage gold account.

I don't think Mrs P's financial position means NatWest should do something different. So I won't tell NatWest to pay the compensation for the mis-sold policy to Mrs P directly.

NatWest has paid the settlement it agreed

Mrs P clearly considers that NatWest has failed to settle the PPI mis-sale claim as it said it would.

I would have expected NatWest to provide this service with clearer information. However, having reviewed all the related figures I'm satisfied NatWest has paid Mrs P the amount of PPI redress it agreed with her.

The complicating factor here is that Mrs P has two outstanding debts with NatWest. Her loan and the *advantage gold* account. And the bank has decided to apply the redress across both.

The redress of £1,771.11 was first paid to the *advantage gold* account. It was in debit by £1,458.64 at the time. The *advantage gold* account was then debited by £1,570.80. This left a negative balance of £1,258.33. So, the redress ultimately reduced the debt on the *advantage gold* account by £200.31.

Evidence which NatWest has provided satisfies me that the £1,570.80 that debited the *advantage gold* account was paid to the loan debt. I say this because the loan debt stood at £3,696.94 in July 2012. And Mrs P subsequently made repayments of £700.

When the £700 and £1,570.80 is deducted from £3,696.94 it leaves a loan debt of £1,426.14.

And when the loan and *advantage debts* (of £1,426.14 and £1,258.33) are added together it gives a total debt of £2,684.47 – the same as that quoted in NatWest's letter of 17 February 2014.

It follows that I am not persuaded that NatWest has failed to pay Mrs P the amount of PPI mis-sale redress it agreed.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs P to accept or reject my decision before 26 May 2015.

Joyce Gordon
ombudsman