

complaint

Mr H complains that National Westminster Bank Plc ignored his letters seeking to arrange a repayment plan and defaulted his account and passed the debt to a third party.

background

Mr H has a loan with NatWest and in 2009 he encountered financial difficulties. He wrote to the bank to explain his problems and to arrange a repayment plan. This was ignored. He sent several more letters and tried to make an appointment with his account manager, but these attempts were all ignored by the bank.

In 2012 the bank issued a formal demand for the arrears and sent the debt to its recoveries department and then to an external collections agency. Mr H complained to the bank in 2012 and it agreed with his complaint in part and sent him a cheque for £100. Mr H says he responded to this letter, but again received no reply.

In 2014 Mr H complained again and the bank said that the matter had been addressed in 2012. He brought the complaint to this service. Our adjudicator recommended that it be upheld. She concluded that the bank had imposed the interest and charges in line with its terms and conditions, but it had not dealt with Mr H either positively or constructively. It had not engaged with him when he initially tried to address his financial difficulties and had ignored letters for over two years. She concluded that the bank should refund all arrears that had accumulated since June 2009 when Mr H first wrote to the bank and pay Mr H additional compensation.

The bank agreed, but Mr H did not. He wanted his debt to be further reduced, a letter of apology and increased compensation. He also asked that the bank deal respectfully and reasonably with him directly without using a third party.

my findings

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

I agree with the adjudicator that the bank followed its correct processes in dealing with Mr H's outstanding debt, but that is not the only issue I have to consider. I would expect the bank to deal with Mr H both positively and constructively. It is clear that he acted responsibly when he first realised that he was unable to meet his loan repayments. He wrote to the bank, explaining his position and sought to set up some form of repayment arrangement. His letter was ignored as were several more that he sent in the following years.

The bank should have addressed the matter in 2009 rather than leave it until 2012 when it took action to collect the debt. When Mr H complained in 2012 it recognised that it had not handled the matter well and sent him a cheque for £100, but did not consider the arrears that had built up since 2009. Mr H replied to that letter and it seems that again he was ignored and the bank continued with its collections regime. I note Mr H now says he didn't receive the £100, but if that had been the case I would have presumed that he would have raised that issue when he replied to the bank in 2012.

In resolving this issue I would expect Mr H to be put back in the position he should have been had the bank acted properly. This means that it should refund all interest and charges from June 2009 when his debt stood at £3,507.23. This means the bank will forgo in the region of £900. I agree that additional compensation is due and I consider the amount suggested by the adjudicator to be reasonable.

As regards Mr H's other requests I do not consider the bank is obliged to further reduce his debt. He has already received an apology in 2012 and though I am not inclined to direct the bank to apologise again it may choose to do so. I cannot interfere with the bank's commercial processes and it is entitled to refer the debt to a third party. However, I would remind both bank and the third party of their obligation to deal with Mr H positively and sympathetically in helping him resolve his financial difficulties

my final decision

My final decision is that I uphold this complaint and direct National Westminster Bank Plc to refund all interest and charges on the loan account imposed from June 2009 and to pay direct to Mr H additional compensation of £200. Under the rules of the Financial Ombudsman Service, I am required to ask Mr H to accept or reject my decision before 24 March 2015.

Ivor Graham
ombudsman