

## **complaint**

S, a limited company, complains that National Westminster Bank Plc did not respond to its offers to settle its debt and made numerous errors. It asks that NatWest refunds interest and pays compensation. S is represented by its director, Mr M, and its accountant, which I will call "R".

## **background**

NatWest moved S's accounts to its recovery team in 2009. S says NatWest did not respond to its offers to settle the debt. It did not respond to requests for information and questions about the account balance. NatWest continued to apply interest after agreeing not to and payments to S's accounts went missing. S appointed R to help it sort out the problems, incurring professional fees.

The adjudicator did not recommend that the complaint should be upheld. He said:

- NatWest agreed repayment plans with S. NatWest was entitled to make a commercial decision whether to accept an offer of settlement. It had not acted unreasonably in considering and rejecting S's settlement proposals. There was no evidence of it receiving proposals that it did not respond to.
- NatWest's policy is to continue to apply interest to a secured debt after it is passed to its recoveries team. There was no evidence it agreed to freeze interest on S's account.
- There were problems with payments to S's account, which had been corrected. Interest had been recalculated and the balance of the account was now correct. It was now up to S to contact NatWest to agree a settlement of the debt.
- S had chosen to appoint R. It could have brought the complaint to the Financial Ombudsman Service for free and it was not reasonable to require NatWest to pay R's fees.
- NatWest made errors in dealing with the account. It did not provide information when requested and gave incorrect information. There were delays in applying payments to S's account. NatWest waived interest of about £1,600 and offered £150 compensation. The adjudicator said this was fair and reasonable.

S did not agree. On its behalf, R said it was not reasonable for NatWest to charge interest when it had made so many errors. It said the lending code requires NatWest to consider reducing or suspending interest. It said if NatWest had acted properly S would not have needed professional help, so its fees should be paid by NatWest. R said NatWest had profited from its delays and errors by extending the period of indebtedness.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

*Settlement of the debt:* NatWest is entitled to make a commercial decision whether to accept an offer of partial settlement. I am satisfied it considered S's offers and agreed a repayment plan. I am not persuaded S made offers that NatWest did not respond to.

*Interest:* NatWest's policy is to continue to apply interest to a secured debt after it is passed to its recoveries team. While S says NatWest agreed to freeze interest while discrepancies were identified and repayment terms agreed, the available evidence does not support this. I am not persuaded NatWest is required by the lending code to suspend or reduce interest on S's account.

S raised concerns about the account balance which NatWest did not respond to. Some payments were not applied to the account. R says errors and delays by NatWest mean it is not reasonable to apply interest and NatWest profited by extending the term of the debt. I am not persuaded by this. The debt remains outstanding. Interest applied to the account was corrected after the missing payments were applied to the account. While I understand how frustrating NatWest's errors were, I am not persuaded they prevented S repaying all or a substantial part of the debt if it had the means to do so.

*Compensation for errors:* NatWest accepts it made errors in dealing with S's account. It did not provide information when requested. S was given inconsistent information about whether to deal with a collection agent. And there were delays in locating payments and applying them to S's account.

NatWest waived interest of about £1,600 and offered £150 compensation, which I find fair and reasonable in the circumstances. NatWest sent a cheque made out to Mr M. It says it will re-issue the cheque to S if the original cheque is returned or destroyed. This service provides a free and informal service to resolve disputes. I do not usually find it reasonable to require a bank to pay a customer's costs in seeking professional advice. I am not persuaded it would be reasonable to do so here.

### **my final decision**

My decision is that I do not uphold this complaint as I find the steps taken and compensation offered by National Westminster Bank Plc fair and reasonable in the circumstances.

Under the rules of the Financial Ombudsman Service, I am required to ask S to accept or reject my decision before 24 August 2015.

Ruth Stevenson  
**ombudsman**