

complaint

Mr L complains that a debt collection agency, acting on behalf of National Westminster Bank Plc ("NatWest"), pursued him for a debt that was not his. The bank has offered compensation but Mr L says it is not enough.

background

In June 2013 a debt collection agency wrote to Mr L in pursuit of a debt with NatWest. He continued to receive letters about the debt until August, when he complained to the bank. NatWest confirmed that the debt was not his - it was owed by someone with a similar name, and Mr L had been mistakenly traced as that person.

Mr L said these events had caused him stress and inconvenience. The bank apologised and offered £120 in compensation, which included £20 for the cost of phone calls. NatWest also said it would arrange to have all adverse information removed from his credit file.

Mr L did not accept the offer and referred his complaint to this service. He said that these events had caused him serious health problems and the worry had affected his work, leading to disciplinary action by his employer. He also said that he had been turned down for loans, his current account had been defaulted and he had been unable to start a business. He said that £100,000 would be adequate compensation.

Our adjudicator investigated the case and recommended that the bank increase its offer to a total of £250. Briefly, she gave these reasons:

- She believed that Mr L's mental and physical health was affected by being pursued for the debt that was not his. So she thought the bank's original offer was too low.
- She looked at the employer's record of the discussion with Mr L and noted that it was not a disciplinary meeting. She did not think the incident warranted a higher award from the bank.
- After looking at Mr L's credit file, she could find no record of the default he mentioned. Mr L had provided no evidence of failed applications for credit.
- From the evidence that Mr L provided, it appeared that the reason why he was unable to start a business was that he did not return the required forms. She could see no evidence that the pursuit of the NatWest debt prevented him from starting a business.

NatWest did not agree to raise its offer. It said it had rectified the error reasonably swiftly. It also said there appears to be no direct link between the bank's errors and the many issues that Mr L claims to have experienced as a result.

Mr L did not agree with the adjudicator's conclusions. He said the bank had acknowledged the mistake for which he is suffering at an unprecedented level. He said it was unreasonable to expect him to provide documents to prove he had encountered problems with his credit score. He also provided evidence that NatWest had recently acknowledged that it did not arrange for all the appropriate corrections to his credit records after he initially complained. The bank said that it had now done so, and had arranged for a further £150 compensation.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have come to the same conclusions as the adjudicator and for much the same reasons.

Mr L was mistakenly identified as owing a debt to NatWest and was wrongly pursued by the debt collection agency. It must have been very upsetting for him. The bank has accepted responsibility for the error and for the distress and inconvenience caused. In the circumstances I agree with the adjudicator that the bank should pay more compensation than it originally offered. But I am not persuaded that the error caused the other problems listed by Mr L – with his employer, his bank account, his applications for credit and his attempt to start a business.

NatWest now also acknowledges that it did not fully rectify Mr L's credit records until earlier this year. I agree with the bank that this error warrants further compensation and I think £150 is an appropriate additional sum.

Taking all these factors into account, I think NatWest should pay £250 to Mr L as recommended by the adjudicator, plus £150 for the further error, which makes a total of £400 compensation for its errors in relation to this complaint.

my final decision

My final decision is that National Westminster Bank Plc should pay a total of £400 compensation to Mr L. If any of that compensation has already been paid to Mr L, then the sum to be paid now should be reduced accordingly.

Colin Brown
ombudsman