

complaint

Mr N complains that National Westminster Bank Plc abused its position as it allowed his debt to be increased because of unreasonable legal expenses. He would like the debt to be reduced.

background

Mr N provided a personal guarantee to NatWest in 2001, in support of lending advanced to his company. When payments towards the debt were not made the bank took the decision to seek recovery from Mr N under the terms of the personal guarantee. The bank's solicitors became involved in 2005.

The bank obtained a number of charging orders and Mr N made a number of payments towards the debt. In 2010 the bank returned to court to obtain further interim charging orders which were finalised in 2011. Mr N was found to owe the bank about £36,000 plus interest.

In October 2011 the bank offered to accept £36,000 in full and final settlement of the debt. Mr N signed a form accepting the offer but he added a condition that he still wanted to be permitted to complain to this service. The bank appears to have accepted this condition initially but later said it did not accept it. Mr N made the payment in November 2011 and the funds were credited to the account in May 2012. The bank continued to contact Mr N after this point as it said it had not received the required documentation from him.

Mr N complained to this service. Our adjudicator concluded that he should not consider the amount of debt owed, or how this figure was reached, as it had already been the subject of legal proceedings. However, he believed the bank had not acted in a reasonable manner when dealing with the settlement proposal and NatWest agreed to offer £200 for the distress and inconvenience caused.

Mr N did not accept the adjudicator's conclusions. He said that the bank had abused its position and it had not replied to that accusation.

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 reached the same conclusions as the adjudicator, for much the same reasons.

I appreciate that Mr N is unhappy with the manner in which his debt to the bank increased, and that he has concerns regarding the amount, and nature, of the work carried out by the bank's solicitors. But the level of the debt, including the legal costs, has already been considered and determined by a court. In these circumstances this service would not seek to overturn or amend the findings of the court.

I turn now to the issue of the settlement. The bank said it was willing to accept £36,000 in settlement of the debt. Mr N accepted the offer, and has made the payment, but he also said he would like to complain to this service about the bank's conduct. There is some confusion on the bank's part over whether it accepted Mr N's condition that he should be able to complain to us – it has said different things at different times. In any event, the complaint came to us and we have dealt with it. I agree with the adjudicator that the bank has not

handled this part of the complaint well. I think the proposed £200 compensation for distress and inconvenience is a reasonable amount.

NatWest has said that if its offer of £200 is accepted, it will consider the debt settled in line with the agreement and will not pursue Mr N further. In the circumstances, I consider this to be a fair and reasonable offer.

my final decision

My final decision is that National Westminster Bank Plc has done enough to settle this complaint. I leave it to Mr N to decide whether he wishes to accept the bank's offer.

Colin Brown
ombudsman