

## **complaint**

Miss N is unhappy with the default notice that's been placed on her credit file by National Westminster Bank Plc (NatWest) for the repayment of a joint overdraft. Miss N is also disputing she owes the outstanding amount of the overdraft as she says she wasn't the one who ran up the debt.

## **background**

Miss N had a joint account with another party. In November 2014, she signed a form with the joint account holder to remove her from the account. However, NatWest contacted Miss N to tell her that it couldn't remove her from the account while there was an outstanding balance to be repaid.

Miss N got in touch with NatWest about this. She says it assured her that it would sort things out and remove her from the account.

In January 2015, NatWest sent Miss N letters about the repayment of the outstanding overdraft. But unfortunately Miss N didn't get these as they were sent to an address the other account holder had given the bank.

Miss N raised a complaint about this and NatWest offered her £20 compensation for any mis-information it had given her about removing her from the account. It also clarified the position on the account in that it told Miss N that as one of the account holders, she was still jointly and severally liable for the outstanding amount. But unfortunately Miss N didn't get this letter either because NatWest still hadn't updated her contact details.

Over the following months, NatWest continued to write to Miss N about the outstanding overdraft but at the address she wasn't at. And when it didn't get a response from her, it defaulted the account and recorded it on her credit file. Miss N raised a further complaint about the default - she said she didn't think it should have been recorded against her. She pointed out that she hadn't got any correspondence about this and the debt had been run up by the other account holder.

NatWest acknowledged there had been some shortcomings in that it hadn't correctly updated Miss N's address and offered her a further £150 to say sorry. But the bank went on to explain it was satisfied the default had been applied correctly because as one of the account holders she was jointly and severally liable for the debt. However, it did offer to re-issue the default notice and give Miss N an opportunity to repay the debt and avoid having the default marker placed on her credit file.

One of our investigators reviewed the complaint. He felt the bank's offer was fair in the circumstances, and that the default had been applied correctly. Miss N disagreed with the findings. In summary, she said:

- she thought she was just named on the account and had limited access to it;
- the form she completed back in November 2014 to remove her from the account, hadn't made it clear she'd still be liable for any outstanding balance; and
- the fairest way to get the matter resolved was for the default to be removed.

The complaint was passed to me for decision.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I'm not going to uphold the complaint. I know Miss N will be disappointed by my decision so I'd like to explain why.

### *liability for the debt*

Miss N says she had limited access to the account and she didn't spend the funds. But the account was held jointly between Miss N and the other party, and on the basis of joint and several liability it isn't the bank's concern which of them put the account into overdraft. It's entitled to seek to recover the money from either or both of the account holders. So I'm satisfied NatWest is able to recover the money from Miss N. And the bank's account terms and conditions make this position clear.

### *what went wrong*

I think it's accepted by all that Miss N didn't receive correspondence about the debt. Firstly, because it was sent to an address she wasn't at and secondly because NatWest has acknowledged it's possible it may have given Miss N wrong information when she contacted it. But this isn't the end of the matter. As I also have to consider what Miss N would've done had the bank's correspondence reached her and the correct information been given to her. So I've gone on to think about this point below.

### *would the bank's shortcomings have made a difference to Miss N's overall situation*

Our investigator asked Miss N whether she would have been in a position to repay the debt had the bank told her she was responsible for it when she handed in the form, and that she couldn't be removed from the account until the overdraft was repaid. Miss N has said she wouldn't have been able to repay the debt in full. The investigator also asked Miss N whether she could've repaid the debt when the bank sent a letter about its intention to record the default. But she's confirmed her financial situation meant she wouldn't have been able to repay the debt at this time either.

Considering this, I'm satisfied NatWest would've still defaulted the account and registered the default on her credit file (as indeed it did). So while I accept there were shortcomings on NatWest's behalf, I don't think Miss N's position would've been materially different to what it is now in that she'd still have a default on her credit file.

The outstanding debt still needs to be repaid. But I think it's only fair that Miss N is asked to repay the amount on the account at the time she asked to be removed from it. This was £2,091.12, rather than the current outstanding amount of £2,585.25.

NatWest has agreed to this, and I suggest Miss N and NatWest now work together to agree a repayment plan.

NatWest has told me it's still prepared to re-issue the default notice to Miss N, and give her the opportunity to repay the debt to and avoid having a default on her credit file. If Miss N does take NatWest up on this offer, she needs to be aware of the consequences if she doesn't repay the debt in full – and that a default marker will be placed on the account for the present day. And so the default marker will be on her credit file for six years from now, rather than from 2015. I'll leave it up to Miss N to have a think about this and contact NatWest directly if she wishes to accept it.

NatWest offered Miss N £170 in compensation for the level of service it provided in not having her correct details, and the delays in putting this right. Considering everything, I think this is fair and reasonable. So I won't be asking it to do anymore.

### **my final decision**

For the reasons explained above, I'm not upholding Miss N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 28 October 2018.

Helen Giles  
**ombudsman**