

complaint

Mr M complains that National Westminster Bank Plc ('NatWest') didn't help with his level of debt and financial situation.

background

Mr M was concerned about his finances. So he contacted NatWest to ask for help. He spent over two hours going through his income, expenses and debts to various departments at NatWest. Mr M was told NatWest couldn't really help him. His only option was to talk with NatWest's collections team if his account went into default. So he'd like the bank to work out a solution with him.

NatWest was sorry to hear Mr M was unhappy with the service it'd provided. The interest and charges had been applied to his account in accordance with the terms and conditions. And it could only suspend the charges if Mr M's account went into default and was passed to its recoveries team. However NatWest had refunded some interest and charges as a gesture of goodwill.

Mr M wasn't satisfied with NatWest's response. So he contacted our service and our adjudicator looked into the matter. He appreciated the difficult situation Mr M found himself in. But he felt NatWest had dealt with the complaint fairly. It'd refunded interest, fees and charges even though it didn't have to. All of the charges had been applied correctly in line with the terms and conditions of the accounts.

He could see Mr M had been able to make the monthly payments to his accounts. And NatWest had provided quotes for a refinance loan. But the rate was higher than the rates Mr M was currently paying. And he couldn't interfere with the bank's business decisions.

Mr M didn't agree. So he's asked for an ombudsman's final decision. He'd had to contact a debt charity to discuss a debt management plan. He had more expenses that he could afford. And he's relying on family to help him out. Mr M is concerned any arrangement will affect his credit rating.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm sorry to hear of the difficulties Mr M finds himself in. Mr M has explained there are a number of family-related issues surrounding his finances. And I sympathise with the difficult situation Mr M is in. But I'm afraid I agree with our adjudicator that NatWest hasn't done anything wrong.

I've considered all of the points Mr M made in response to our adjudicator's view. And I've looked at what NatWest did to help and whether the bank has done anything wrong.

Mr M spoke to NatWest's financial difficulties team in January 2019. He had accumulated a large amount of debt. And he was sending his brother £400 every month while he found employment. Mr M said he was paying over £800 each month in debt repayment. And he was concerned any default would affect his British naturalisation application. So he wanted NatWest to make some temporary arrangements while things improved.

Mr M made a number of suggestions to NatWest while he was discussing his finances. He asked if the bank would freeze the interest on his overdraft for 12 months. Or convert his overdraft to a personal loan to reduce the interest rate as his other bank had done.

I can see NatWest has refunded nearly £300 of interest and charges so the account didn't go into default. And the bank also looked at a number of loans to see if Mr M could consolidate his debt and reduce his payments. Unfortunately the rate offered was higher than the rates Mr M was already paying. And that's not something I can interfere with. The bank is entitled to make commercial decisions on who it lends money to and at what rate.

I realise the refunds won't solve Mr M's financial difficulties. But I do think they were a positive response to try and help Mr M avoid further charges and defaults on his credit file. And because Mr M hadn't missed any of his previous payments or defaulted on his accounts NatWest was limited on what it could do to help.

Once an account goes into default I would expect NatWest to suspend all future interest and charges. And it would then be in a position to discuss an affordable debt repayment plan with Mr M. But the default would also be reported to the credit reference agencies and affect Mr M's credit rating for a number of years.

I do appreciate how frustrating this is for Mr M. He's been under considerable pressure due to family circumstances. But he's tried to manage his finances and continue his monthly payments. And that's to his credit. And I understand he just wants NatWest to help while his circumstances improve.

But it's not the role of this service to look at NatWest's commercial decisions – or to compare them to other banks. Our role is to assess what impact any mistakes may have had on its customers.

I've not seen anything to suggest the interest or charges have been applied incorrectly. And I think NatWest did respond sympathetically. Mr M had been able to make his contracted monthly payments. And he'd managed his accounts despite a high level of debt. So there were limits to what NatWest could do to help unless Mr M began to fall behind on his payments. I wouldn't expect a bank to agree to a repayment plan unless an account had gone into default.

Mr M just wanted NatWest to help him through some short-term difficulty. But that's not something this service can ask NatWest to do. We can't tell a bank to change its commercial decisions or practises. We can only look to see if it's done anything wrong.

I realise Mr M will be disappointed by this outcome. But based on everything I've seen I can't say NatWest has made any mistakes. And I won't be asking the bank to do anything more.
my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 August 2019.

Andrew Mason
ombudsman