

complaint

Ms H complains that National Westminster Bank Plc sold debts that had previously been included in a completed IVA to a third party. She also complains that once NatWest got the debts bank it chased her for repayment.

background

Ms H had a credit card and loan with NatWest. In 2011 she entered into an IVA and the debt she owed was included. The IVA completed in February 2017.

In April 2017 NatWest wrote to Ms H and advised it had transferred the debt to a third party. NatWest also sent Ms H an annual statement. The third party later contacted Ms H and asked her to make payments.

In June 2017 the third party responded to a complaint Ms H made and said it wouldn't write to her about the debt again.

Ms H contacted NatWest in December 2017 and highlighted what had happened. NatWest arranged to get the debt back from the third party.

But NatWest also contacted Ms H about the outstanding balance in the following months.

On 18 June 2018 NatWest wrote to Ms H and said it had decided to refund £1,673.91 because it hadn't followed the right process when her account was in arrears. It used the refund to reduce the outstanding balance of the debt.

Ms H contacted our service to raise a complaint. She said the situation had made a long standing and serious health condition worse.

NatWest responded to the complaint on 17 September 2018 and apologised for what had happened. NatWest also sent Ms H a cheque for £100. NatWest agreed it shouldn't have passed the debt to a third party and had taken steps to get it back. NatWest confirmed its decision to use the refund it had previously written to her about to reduce the outstanding balance remained unchanged.

An investigator at our service looked at what had happened. She agreed NatWest had made mistakes by transferring the debt and later chasing Ms H for payment. She confirmed there were delays in closing the accounts down and recommended NatWest increase the amount offered from £100 to £250. NatWest agreed but Ms H didn't.

In response to the investigator Ms H said she didn't think the settlement fairly reflected the time, money, stress and upset she'd endured dealing with the matter. She pointed out that NatWest had continued to send her annual statements about the debt even though she was in an IVA and that it should have stopped pursuing her.

As Ms H didn't agree and asked to appeal her complaint's been passed to me to make a 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.

Ms H's IVA was put in place in 2011 and ended in 2017 so I can see why, after making payments for a long time, she's so upset by what happened. NatWest has made a number of mistakes here. I agree with her that it shouldn't have sold the debt to a third party once the IVA ended and it shouldn't have later sent her letters requesting payments. Ms H has told us that the stress of the situation has impacted her health.

In this case, I think all parties broadly agree about what actually happened. NatWest clearly has made mistakes and I agree it's taken too long to resolve the situation. But I understand NatWest has now confirmed Ms H's debt is closed so I hope that does go some way to drawing a line under the issue. I agree that NatWest was party to the IVA and that it had no legitimate reason to refer the debt to a third party or chase Ms H after it had ended.

Ms H says NatWest shouldn't have sent her statements during the IVA but I'm not persuaded that's correct. NatWest says it's required to send those statements. And I've looked at them but can't find any indication NatWest was using them to request additional payments above the IVA. I haven't found anything to show NatWest made a mistake by sending statements during the IVA.

The issue I need to decide is whether NatWest's agreement to pay £250 fairly reflects the impact of its error on Ms H. I can see she first contacted NatWest about the transfer of the debt in December 2017 and it took steps to retrieve it from the third party. The contact note for this call doesn't mention Ms H wanted to complain, just that she wanted the debt to be dealt with and closed. I appreciate Ms H was unhappy but if she thought a complaint had been raised during that call she could have contacted the business again after no response was received.

Ms H called NatWest again in June 2018 and said she was going to complain. But she specifically told NatWest she wanted to use our service to do that so it didn't take any further steps to deal with the issues raised until it heard from us. Ms H followed through and raised a complaint via our service so I'm satisfied she was able to raise her concerns. NatWest later issued its response.

I've looked at the level of contact NatWest had with Ms H after her IVA ended. And, as I've already said, I agree it should have taken steps to close the debt down much sooner. NatWest sent Ms H letters confirming her debt had been sold to a third party and saying she was in arrears. NatWest later wrote to Ms H about a refund but that's not related to the error it made when transferring the debt to another business. Ms H says she contacted her IVA administrator concerning what happened but there's no record of it taking the matter up with NatWest.

I agree that the situation was unnecessary and that NatWest made mistakes. I've considered everything Ms H has told us about the impact of the issue. But I think the £250 settlement NatWest has agreed to pay fairly reflects the errors NatWest made. I note it's confirmed the accounts are closed and outstanding debt written off. As a result, I'm not telling it to increase the settlement figure or taken any further action to resolve the complaint.

my final decision

My decision is that I uphold this complaint and direct National Westminster Bank Plc to pay Ms H £250 less any compensation already paid.

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

Marco Manente
ombudsman