

## **complaint**

Mrs L complains that National Westminster Bank Plc unfairly chased her for repayment of a loan.

## **background**

In November 2006 Mrs L took out a loan with NatWest. It had a repayment term of 10 years.

In August 2016 she called them to check that the repayments were due to finish in November 2016, and NatWest told her that they were. However in November 2016 she was told that she still owed them two payments, which she disputed.

NatWest chased Mrs L for payment, and closed her accounts with them. They also wrote to her husband and advised him that they would close their joint account unless Mrs L was removed as a joint account holder.

In July 2018 NatWest sent Mrs L a letter informing her that she was due a refund of £422.99, and that they had used this to offset her debt with them. She then received a cheque for an additional £267.43 they said they owed her too.

Mrs L complained to NatWest. She disputed that she had an outstanding debt and felt the bank weren't entitled to keep any of her refund.

NatWest didn't think they'd done anything wrong. They felt the refund had put Mrs L back in the position she would have been in had they not applied the interest and charges it related to. And they said that they were entitled to use this money to offset the outstanding balance on her loan.

Mrs L brought her complaint to our service. Our investigator explained that NatWest hadn't been aware that they were going to issue a refund to Mrs L during the period they were chasing her for the debt. And they felt it was reasonable NatWest had pursued the debt– and that they'd used their rights to offset the refund they issued against it.

Mrs L disagrees. She has now accepted that she had missed repayments on her loan. But she feels NatWest should have told her about this sooner, and had a number of opportunities to recognise their mistake. She's also upset that they've pursued her for money to settle her debt with them for 2 years before informing her about this refund. She's explained that their pursuit of the debt left her feeling harassed and unwell. So the case has been passed to me to review.

## **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 know Mrs L will be disappointed, but I agree with our investigator that NatWest acted reasonably when they pursued this debt. I'll explain why.

I appreciate Mrs L disputed that she owed NatWest money on her loan, and felt so strongly about this that she refused to pay them the amount they told her was due. She's told us that they made a mistake when they failed to let her know that she missed a repayment in October 2013. And still didn't inform her of this when she called in August 2016 to check her

loan was due to be fully repaid in November that year. I've already explained separately to the parties why I can't consider these specific events here because they were referred to us out of time, and our jurisdiction rules don't allow us to.

I understand Mrs L has now acknowledged that statements show two repayments were missed on her loan. But she is understandably upset that NatWest pursued her for this debt as they have now issued her with a refund that offset it. If NatWest had issued this refund sooner, she probably wouldn't have been chased for the debt - or at least not for as long as she was.

Mrs L says that she'd told NatWest previously that they owed her money. But she wouldn't have been aware of the refund NatWest issued in relation to her loan in July 2018, as NatWest hadn't previously identified it was owed or communicated anything about it to her. I can see from the account notes NatWest have provided that at one point a payment protection insurance claim was discussed. But even if Mrs L considered that NatWest owed her money in relation to other matters, that doesn't affect the status of this loan.

Looking at the final response letter NatWest sent to Mrs L about this matter, I think that they could have better explained what had happened and why this refund was due. So I can understand why Mrs L may not be clear about what's gone on here. But essentially NatWest discovered that they hadn't correctly notified her about some interest and charges that had been applied to her loan account, and so felt it was fair to refund them.

I appreciate that because of the circumstances around the disputed loan balance, this is especially frustrating for Mrs L. But NatWest weren't aware of this at the time they were chasing her for the debt. And I will add that this was something of an industry- wide issue that affected many lenders, not just NatWest.

Mrs L had missed some repayments which meant her loan hadn't been repaid in full. So I can't say that NatWest acted unreasonably when they pursued for this outstanding sum.

NatWest used part of the refund she was due to clear Mrs L's debt. I understand why she was unhappy about this as at this time she still doubted that she owed them any money. But NatWest were entitled use their right to offset this redress against the debt owed. And in doing so, and issuing Mrs L with a cheque for the remainder of the refund, they were putting her back in the same financial position she would have been in if they hadn't added the interest and charges it related to. So I'm satisfied Mrs L hasn't suffered any financial loss here.

Mrs L feels she has been harassed by the manner of NatWest's pursuit of her debt. But in looking at what's happened here I haven't seen any evidence that they acted unreasonably.

I appreciate Mrs L will be very disappointed with my decision. And I don't underestimate the distress and upset she's experienced here. But in this case, I think NatWest acted fairly and reasonably based on their knowledge at the time. So I can't fairly find that they did anything wrong.

**my final decision**

My final decision is that I do not uphold this complaint for the reasons I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to Mrs L to accept or reject my decision before 28 June 2019

Jenette Lynch  
**Ombudsman**