

## **complaint**

Mr J has complained National Westminster Bank Plc didn't treat him positively and sympathetically when he was having difficulties keeping up his repayments.

## **background**

Mr J had a current account and a credit card account with NatWest. He was having difficulty making his minimum repayments on his credit card. He was also overdrawn on his current account. He'd told NatWest he was having difficulties managing. His partner had recently been made redundant and was expecting a baby. He was trying to manage family finances whilst a student.

Mr J then contacted NatWest to let them know he was contacting a debt management company (DMC) to help him sort things out. They sent him a default notice and later closed his account. Through his DMC, Mr J made regular monthly payments paying off both the credit card debt and overdraft. In 2015 Mr J realised he had a default on his record for the credit card account. He complained to NatWest. They provided him with a final response telling him they'd acted fairly.

Mr J subsequently asked for a copy of this letter from NatWest – at least twice – but they didn't provide one. In February 2016, NatWest wrote to Mr J. They confirmed they'd applied the default fairly and didn't think they'd done anything wrong. Miss S, a relative, bought his complaint to the ombudsman service. He didn't feel it was ever properly explained that he'd still get a default on his record even though he was paying his credit card account off under a repayment plan.

Our adjudicator found NatWest had done enough to help Mr J with his financial situation. Once they were aware Mr J had contacted a DMC, it suspended his credit card charges for a period of 30 days to give him some breathing space.

As no payments were made, NatWest issued a default notice. They then closed his account. The default required Mr J to pay the £80 he owed as no regular payment had been made. Based on the evidence, he felt NatWest had acted fairly.

However as NatWest never got back to Mr J when he wanted a copy of his earlier final response letter, our adjudicator asked them to pay Mr J £50. NatWest agreed to pay this amount.

Miss S disagreed with the outcome of the complaint. She still didn't think NatWest had been sympathetic to the situation Mr J was in and their action had been heavy-handed. She's asked an ombudsman to make a decision on Mr J's complaint as she thinks it would be fair to have the default removed from his credit record.

## **my findings**

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

The facts of the case as explained to us by both Miss S and NatWest are supported by the evidence:

- Mr J contacted NatWest in June 2013 to talk about their financial difficulties. He continued to use both his credit card and current account until later that year. NatWest tried to contact Mr J later in the year too but were unable to speak with him.
- On 6 January 2014, Mr J called NatWest to make a payment but didn't. He told them he was getting help to set up a repayment plan. NatWest confirmed they'd set up 30 days breathing space so didn't need to make a payment immediately.
- A notice of default was sent on 10 February 2014 telling Mr J he needed to pay £80 to avoid a default being applied. His account was then closed by NatWest in March when they asked him to get in touch.
- Mr J made no payment on his credit card account from 29 November 2013 until his DMC made a payment in May 2014.
- NatWest didn't add any charges to Mr J's credit card account after January 2014. Charges and interest to his overdraft also had stopped by April 2014.

#### *applying the default*

So the main issue for me to consider is whether NatWest treated Mr J fairly. I think overall they have. They followed best practice by stopping interest being added to his account. They only issued a default once they'd not got any payment within the breathing space period. Even if Mr J had made a payment in January, I don't believe it would have made any difference. He would have had to make the full payment of £80 to avoid the default being applied. From what I know about his financial situation at the time, I don't think this was possible.

I agree NatWest didn't fully explain this in the phone call early in 2014. But they wouldn't have known what Mr J was going to do. I know Miss S is concerned Mr J's DMC didn't make payments on time. But unfortunately this wouldn't have made any difference. Mr J was paying just over £5 a month so the default would still have been applied.

Miss S is upset NatWest never told Mr J the impact being in a repayment plan could have on his credit record. But in fact that isn't their responsibility. That would lie with Mr J's DMC. That company clearly has a responsibility to make sure Mr J understands the full implications of entering a repayment plan, including the fact that defaults can still be recorded.

NatWest didn't record a default on Mr J's current account. They adopt a different approach when a customer has a current account to products like credit cards and loans. This is their policy and I don't think it's unfair.

I know all of these accounts are now marked as settled as Mr J has worked hard to pay off his debts.

Overall I don't believe it would be fair to ask NatWest to remove the default on his credit card account record.

#### *the final response letter*

There's no doubt Mr J contacted NatWest to ask for a copy of his earlier final response. Unfortunately NatWest didn't reply at this time and it wasn't until March 2016 that it got back to Mr J. NatWest weren't able to give us a copy of the final response letter either.

NatWest accepts they should have provided a copy of their final response on request. This meant they had to re-investigate the complaint.

On the basis of this error our adjudicator asked NatWest to pay Mr £50. I don't feel that's enough as this caused Mr J some trouble in getting things sorted out. I've told NatWest this payment should be £150. They've agreed to pay that.

I'm sure Mr J won't feel this is enough. I accept the main reason he brought this complaint was to get the default removed so the money he'll get, whilst nice, won't be what he was really after.

**my final decision**

For the reasons I've given, my final decision is to instruct National Westminster Plc to pay Mr J £150 for the trouble it's caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 28 December 2016.

Sandra Quinn  
ombudsman