

complaint

Mrs D complains that National Westminster Bank Plc has incorrectly allocated payments towards her debt and that, despite maintaining repayments, the debt has increased.

background

When Mrs D's accounts fell into arrears, Mrs D set up repayment plans with a debt charity in October 2007. However, National Westminster continued to apply interest and charges and the debt increased. Furthermore, the debt charity made both payments to the same account and because no payments had been received on the loan account, National Westminster started legal proceedings. These proceedings were stayed in March 2010. When Mrs D referred her complaint to this service, National Westminster refunded all charges and interest that had been applied since October 2008. It also sent her a cheque for £40 as compensation, but Mrs D chose not to cash it.

Our adjudicator recommended that the complaint should be upheld. He found that National Westminster should refund all charges and interest from the date at which the repayment plans were set up. He also recommended that it pay Mrs D £200 compensation, in total, for the distress and inconvenience that the legal proceedings and delayed responses had caused her. The bank has agreed to the recommendations and has offered to refund a further £1,154.22 and pay Mrs D £200 compensation.

Mrs D responded to say, in summary, that if National Westminster had implemented the payment protection insurance that was in place, she would have repaid the debt by now. She wants the debt written off and more compensation.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Much like the adjudicator, I consider that it was unreasonable for Mrs D's debt to increase when she was adhering to a repayment plan. I acknowledge that National Westminster has already refunded interest and charges from October 2008; however, as the repayment plan was started in October 2007, I find that National Westminster should refund interest and charges from that date. National Westminster has agreed to this and as it has an obligation to treat customers in financial difficulty positively and sympathetically, I find this to be fair and reasonable.

Furthermore, I also consider that National Westminster caused Mrs D additional distress by commencing legal proceedings and not responding promptly to information requests and this complaint. With regard to the general level of awards that we make in this area, I find £200 to be fair and reasonable compensation for the distress and inconvenience.

I acknowledge that Mrs D says that much of this complaint could have been avoided if National Westminster had advised her to implement her payment protection insurance. However, I note that these premiums have now been refunded and that the sale of the insurance would need to be the subject of a separate complaint.

I do not consider it reasonable that National Westminster should write off the debt. Mrs D has had the benefit of the money and I consider that the bank will have satisfied its obligations to her by refunding the additional interest and charges from October 2007.

my final decision

My final decision is that I uphold this complaint. In full and final settlement of it, I order National Westminster Bank Plc to refund a further £1,154.22 and to pay Mrs D £200 compensation, as it has offered to do.

Amanda Williams
ombudsman