

## **complaint**

Mr A's complaint is about how National Westminster Bank Plc (NatWest) has used the compensation it offered to settle his complaint about a mis-sold payment protection insurance (PPI) policy which was attached to his credit card.

## **background**

Mr A took out a credit card with NatWest and also took out a PPI policy attached to the account. In January 2018 Mr A complained to NatWest that the PPI had been mis-sold. NatWest upheld his complaint and offered him compensation of £2,317.19 to settle the complaint. Mr A signed the acceptance form for the compensation and returned it to NatWest.

But Mr A didn't receive the payment of the compensation. NatWest told him it had paid this into his credit card account but as there was a balance outstanding as a debt on the account, which was more than the compensation paid, there was nothing due to him directly.

Mr A wasn't happy with this as he said any debt he may have had was many years ago, it had been sold by NatWest, and that the compensation should be paid to him direct. NatWest didn't agree so he brought his complaint to this service.

Our adjudicator said what NatWest had done with the compensation was fair. Mr A still wasn't happy so asked for an ombudsman to look at his complaint.

## **my findings**

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

NatWest agreed to uphold Mr A's complaint that the PPI was mis-sold and also offered to pay Mr A compensation. The amount of the compensation NatWest has worked out as due isn't disputed. But Mr A says how NatWest has paid the compensation is unfair.

I would start by clarifying that during this complaint investigation, two different credit card numbers have been referred to by NatWest, one ending 0793 and the other ending 1442. NatWest has confirmed that both these cards were associated with the same credit card account. So the PPI which was mis-sold relates to one credit card account but on this account, at different times, there were different credit card numbers. I shall refer to card ending 1442 in this decision, but this includes card 0793 on the same account.

Mr A has also expressed some concerns about actions by NatWest taken in 2007/2008. Any issues or complaints Mr A has, other than in relation to the PPI sold alongside credit card account 1442, would have to be taken up separately. But it is possible if no action was taken about these issues in 2007/2008, any complaint now would be time barred and not be considered. However I am not considering in this decision any issues other than how the compensation for mis-sold PPI on card account 1442 should be paid.

Mr A hasn't disagreed that he defaulted on the repayments to his credit card account and there was a debt on the account when it was cancelled in November 2005. This debt was for over £7,000.

Both Mr A and NatWest say the account was passed to collections agencies. NatWest has told us between 2006 and 2008 the debt was passed to three different collection agencies. During that time three payments were made to the account, all in September 2008, with each payment being for less than £4.00. So whilst with the collections businesses, the balance was reduced very little. In November 2008 the account was passed back to NatWest as no further payments were forthcoming and the debt was still over £7,000.

Since 2008 the debt has remained with NatWest. In 2009 Mr A asked for some information about the credit card account which was sent out by NatWest. But after that date there was no further no contact about the account by either party and NatWest hasn't chased for payment of the debt on the account.

As no acknowledgement of the debt was made after 2009, NatWest couldn't chase Mr A anymore for the £7,000. The debt wasn't acknowledged for more than six years so it was barred from legal action. But that doesn't mean it no longer existed.

When Mr A first brought his complaint he indicated he thought the PPI was unrelated to the account to which the compensation had been paid. That isn't the case as the PPI was attached to his credit card account. I can see that NatWest had paid the compensation into that credit card account, which at February 2018 had a debt balance on it of £7,078.18. The compensation reduced this to £4,755.30 and this amount is still owing on the account to NatWest.

NatWest has said it will not actively chase this debt as it was part of the original debt that had not been acknowledged for more than six years. But Mr A still owes this money for this account, even though the account is not active and NatWest will not actively seek payment of the debt.

The PPI was directly related to the same account on which the credit card debt exists. And it is fair that NatWest can pay the compensation into that account and so set it against the debt it is owed by Mr A.

When NatWest made its offer of compensation to Mr A it stated on the acceptance form, which was signed and returned by Mr A, that the offer would take into consideration any arrears on his credit card balance. He knew he had defaulted on his credit card and had owed a debt for this. So I don't think NatWest misled him into signing the acceptance as he suggests.

I would also add that the PPI premiums were charged to the credit card account. So it actually formed part of the balance of the card and was most likely responsible for some of the debt of over £7,000 that Mr A owed NatWest. If NatWest paid Mr A the PPI compensation directly, it would probably be paying him money for the PPI that he had never actually paid as it was part of the debt he owed NatWest.

Overall I think it is fair that NatWest can pay the compensation into the same credit card account to which the PPI was charged, and set this PPI compensation NatWest owes Mr A, against the debt Mr A owes the bank. I don't think NatWest has done anything wrong in the way it has paid the compensation into the credit card account and I'm not going to direct it to do anything differently.

**my final decision**

For the reasons I've set out above, I think that how National Westminster Bank PLC has paid the compensation due to Mr A for the mis-sold PPI is fair. And I'm not directing it to do anything different.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 11 January 2019.

Christine Fraser  
**ombudsman**