

complaint

Miss B complains that National Westminster Bank Plc failed to respond positively and sympathetically to the financial difficulties she is facing and it has refused to refund charges.

background

Miss B says that she lost her job and her relationship broke down in 2007 and she had to accept a lower paid job. Consequently she experienced financial hardship and asked NatWest to refund all the charges and interest that she had incurred on her account.

The adjudicator did not recommend that Ms B's complaint should be upheld. He was satisfied that NatWest had applied the charges correctly and that, when a customer says they are experiencing financial hardship, it is entitled to make enquiries and contact to enable it to assess the position for itself. He considered that NatWest acted positively and sympathetically by suspending interest and charges in November 2008 and agreeing a repayment plan for the debt it was owed.

Ms B responded to say, in summary, that she meets the criteria for financial hardship and therefore should have the charges refunded.

my findings

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

In situations of financial difficulty, banks are expected to treat their customers positively and sympathetically. That might mean coming to a mutually agreeable arrangement about any debt, such as developing a repayment plan or freezing interest and charges on an account – but it does not mean that the bank is automatically obliged to refund charges or interest, either in whole or part. Furthermore, following the Supreme Court's decision in the "test case", there is no compulsion on banks to refund charges on the grounds of their fairness.

Ms B first told the bank that she was experiencing difficulties in June 2008. I consider that the bank was entitled to make enquiries and carry out its own investigations to check on the situation. I find that it asked her to complete an income and expenditure form in August, so that it could assess for itself the ways in which it could help further. Whilst NatWest's response to Miss B's initial letter was perhaps a little delayed, it was still within the eight week period as provided by the FSA complaint-handling rules, and it was a fair and reasonable response.

Having reviewed the financial information provided by Ms B, NatWest decided that she did not meet its criteria for financial hardship as there was surplus income after all her monthly commitments and priority debts had been met. I am therefore satisfied that all the bank's charges were levied in accordance with the account terms and conditions (including the two £90 charges Ms B specifically mentions) and I cannot order them to be refunded on the grounds that they were too high or were unfair.

Having carefully reviewed the statements, I find that Miss B stopped crediting her salary to the account in August 2008, although she continued to issue cheques, which were guaranteed by the debit card so NatWest was obliged to pay them. In addition, she was in excess of the agreed overdraft and charges continued to be applied. NatWest wrote in

September 2008 to give Ms B notice that it would default her account if she did not agree a satisfactory repayment plan. Her overdraft arrangement was cancelled in October and NatWest suspended interest and charges from November.

I find that, by freezing interest and charges from November 2008 NatWest has acted positively and sympathetically to Ms B's difficulties. I consider that she has had the benefit of the money from the current account and it is therefore reasonable for NatWest to seek repayment of this debt. The amount NatWest, or its debt recovery agents, are prepared to accept on a monthly basis in respect of the debt owed, and its debt recovery procedures generally, are matters for its own commercial judgement. I understand that there is a monthly repayment plan in place and I am satisfied that it is appropriate for NatWest's agents to review this periodically with Ms B. However, I would also remind it that it has an ongoing duty to treat someone in financial difficulty positively and sympathetically.

NatWest accepts that it did not handle Ms B's complaint satisfactorily because it sent a response to the wrong address. It has already paid her £50 for the inconvenience this caused and, like the adjudicator, I consider this to be fair and reasonable.

my final decision

My final decision is that I do not uphold this complaint.

Karen Wharton
ombudsman