

complaint

Mr and Mrs A are unhappy with the service they received from the debt management services team at National Westminster Bank Plc.

background

In April 2007 Mr and Mrs A opened a joint account with NatWest. In May 2017 Mr A entered into an IVA. The joint account was included in the IVA. As a result, NatWest closed the account and passed the debt to recoveries.

Because Mrs A was not subject to the IVA she remained liable for the debt. Mr A says that he wrote to NatWest to try and negotiate repayment of the debt on behalf of Mrs A but received no response.

In September 2017 Mr A contacted NatWest and offered to repay the debt on behalf of Mrs A at £20 per month. No agreement was reached. The account was transferred to recoveries and a default was recorded on Mrs A's credit file.

In February 2018 Mr A contacted NatWest and reached an agreement to pay £20 per month into the joint account to repay the debt. Mr A set up a standing order to the joint account. Mrs A subsequently received a demand from a debt collection company. Mr A then discovered that his standing order payments had been returned by NatWest.

NatWest acknowledged that the debt management team should have contacted Mrs A to discuss repayment of the debt once it had been transferred to recoveries. It also acknowledged that it hadn't replied to some of Mr A's letters. It said that the account had been defaulted and transferred to a debt collection company in November 2017 and that letters had been sent to Mrs A confirming this. NatWest apologised for poor service and offered compensation of £150.

Mrs A wasn't happy with the bank's offer. She said it didn't take into account the fact that the standing order payments had been returned by NatWest resulting in the debt collection company chasing her.

Mr A says he won't deal with the debt collection company. He wants NatWest to accept his standing order payments and for all adverse entries to be removed from Mrs A's credit file.

Our investigator didn't uphold the complaint. He said that NatWest had explained that it wasn't able to set up a repayment plan on the joint account whilst it was in collections. He said that in order to set up a repayment plan, the debt had to be passed to recoveries and then sold or referred to a debt collection company. The investigator said that NatWest were correct to default the account because the overdraft hadn't been repaid in full on demand. The investigator also said that a "No Operations" marker had been placed on the account to stop any credits/debits, which was why Mr A's standing order payments had been returned. The investigator said that Mrs A would need to contact the debt collection company to set up a repayment plan. The investigator concluded that NatWest's level of service had fallen below the standard expected but that the compensation already paid by the bank was fair.

Mr A didn't agree. He said that his IVA administrators had advised him to offer repayment on behalf of his wife. He said that after he and his wife received the pre-default notice and formal demand they had tried to contact NatWest to discuss a repayment plan but had been

passed from one department to another and had their letters ignored. Mr A said that the bank had acted unreasonably and that the account shouldn't have been defaulted. Mr A said that NatWest had never explained to him that a "No Operations" marker had been applied to the account and that the only became aware of this when it was mentioned in our investigator's view. Mr A said that NatWest had allowed him to set up a standing order and make payments to the joint account at a time when it knew that the account couldn't receive credits. Mr A said that NatWest had also reported defaults to the credit reference agencies for each of the payments that the "No Operations" marker had prevented, and he felt that this was unfair.

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 can see that Mr and Mrs A sent letters to NatWest in June 2017, August 2017 and September 2017. NatWest has acknowledged that it failed to respond to these. I have no reason to disbelieve Mr A when he says that he tried to contact the bank by telephone. There's not enough evidence for me to say whether Mr A was passed from one department to another but I can see from the information provided by the bank that it wouldn't have been possible for the bank's staff to discuss the debt with Mr A because he was in an insolvency procedure. I don't think this is an unreasonable policy but it's possible that the policy wasn't explained clearly to Mr and Mrs A.

I've thought about whether the bank's lack of response to Mr and Mrs A's letters and the difficulties experienced by Mr and Mrs A in contacting the bank by telephone would have made any difference to the bank's decision to default the account. On balance, I don't think that it would because full repayment of the overdraft was demanded but not received. I haven't seen any evidence to suggest that Mrs A was in a position to repay the overdraft in full. Because of this, I can't say that the bank did anything wrong in defaulting the account. However, I think that the bank should have replied to Mrs A's letters. The failure to do so meant that the service provided was below that which a consumer might reasonably expect. The poor service continued once the account had been passed to recoveries, because (on the bank's own admission) no-one from the debt management team contacted Mrs A to discuss her offer of repayment before the account was transferred to the debt collection company. I think that it would have caused upset to Mrs A when she was contacted by the debt collection company, particularly as she had tried to negotiate a payment agreement directly with NatWest prior to this.

I've thought about the circumstances in which NatWest agreed to accept standing order payments of £20 to the joint account. These payments have been rejected because of the "No Operations" marker on the account. The marker was placed on the account on 25 April 2017, so NatWest would have been aware of it when it told Mr A that he could set up a standing order to pay into the joint account to pay off the debt in February 2018.

Mr A has said that each time a standing order payment is returned a missed payment is recorded on his wife's credit file. I've asked NatWest about this and it has confirmed that although default was placed against Mrs A on 31 August 2017, the account has only been defaulted once and no further adverse data has been recorded.

I appreciate that Mr A doesn't want to make payments to the debt collection company because he feels that he reached an agreement with NatWest. He hasn't cancelled the

standing order to the joint account and it continues to be returned each month. I'm unable to require the bank to remove the "No Operations" marker on the account and I can't require the bank to provide another account to which the standing order payments can be made. The debt collection company have been instructed by NatWest to collect the debt and in the circumstances I don't think it's unreasonable to expect Mrs A to make payment directly to them (or for Mr A to do this on Mrs A's behalf).

I understand why Mr and Mrs A feel that the compensation paid by NatWest isn't sufficient because it was paid before the issues with the standing order arose. Whilst I agree with Mr A that the bank should not have agreed to accept standing order payments into the joint account when the "No Operations" marker was in place, I don't think that Mr A has mitigated the situation by continuing to pay the standing order to the joint account when he knows it will be returned each month. I've thought about whether NatWest should pay further compensation for the incorrect advice about payment of the standing order but on balance, I think that the compensation paid by the bank already is fair and reasonable, and I won't be asking it to increase it.

For the reasons given I won't be asking NatWest to do anything further.

my final decision

My final decision is that I do not uphold the complaint,

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs A to accept or reject my decision before 16 December 2018.

Emma Davy
ombudsman