

## **complaint**

Mr B complains about the poor service National Westminster Bank Plc has given him over his loan account.

## **background**

In November 2018 Mr B made two lump sum payments towards his loan. NatWest didn't tell him what the new payments would be and so he had to estimate how much he had to pay manually. This resulted in his loan account going into arrears. He's also concerned that NatWest wouldn't set up a new direct debit. And it gave his wife confidential information about his financial business.

NatWest said its service was not one it expected its customers to receive. It said it would realign Mr B's personal loan and keep him updated. But it couldn't reset the direct debit because it'd been cancelled more than 60 days previously. So its system would automatically reject it. But its system would accept payment by standing order. It also said that according to its terms and conditions Mr B should've told it if he wanted the loan repayments reduced. Otherwise it would be the term of the loan that would be reduced. It refunded any interest that had built up on the arrears. But it said it couldn't comment on information given to his wife without her permission.

Mr B said this wasn't good enough because he was worried that if he made any more lump sum payments he would have the same problem of not knowing what his new monthly repayments would be. And he said its explanation didn't make sense because NatWest had reduced his monthly repayments in the past.

NatWest said it cancelled the direct debit on 30 April 2018 when Mr B contacted it due to financial difficulties. It accepted a six month forbearance plan to give him some breathing space. He wasn't paying arrears but was paying reduced monthly repayments. The lump sums he paid in November 2018 reduced the arrears and the outstanding balance.

Since this Service became involved NatWest offered Mr B £75 because it acknowledged that it hadn't responded to his complaint appropriately. And the adjudicator thought this was a reasonable offer. Particularly as it'd realigned his loan and lowered his payments, set up a standing order and refunded interest.

Mr B wasn't happy with this. He said that in the past NatWest automatically reduced his monthly payments. So the terms and conditions didn't "*reflect the reality of what is happening*". He's not happy with a standing order as this means his monthly payments won't change. And he didn't think the offer "*reflected the poor service and stress*". He's asked for written confirmation of his new payments on five occasions but still hasn't received this.

The adjudicator went back to NatWest who responded saying that in the past Mr B's account was being manually amended due to missed repayments and arrears on his account. And in 2018 a formal six month arrangement was made with its Financial Assistance team. At the end of that time Mr B paid in a large amount to take the account out of arrears so it said it didn't have any reason to contact him.

## **my findings**

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

As the adjudicator explained to Mr B, NatWest's terms and conditions say that overpayments don't reduce monthly payments unless the consumer makes that request. So I agree that it didn't do anything wrong when it didn't automatically reduce Mr B's payments after he paid in two large lump sums. NatWest said these lump sums cleared his arrears and reduced the outstanding balance considerably which brought the account within the terms of the loan agreement. In those circumstances it would've expected him to revert to the original monthly repayments. So I don't think it did anything wrong when it didn't contact him. Mr B paid what he thought the new monthly payment would be but that caused arrears to build up. When NatWest understood what Mr B was trying to do it re-aligned the loan and refunded him the interest. I think that's fair and reasonable.

I appreciate Mr B thinks NatWest has been inconsistent because he says it's reduced his payments automatically in the past. Which he says means his loan was working differently to NatWest's terms and conditions. So he asks if the loan is enforceable. But I can see that when NatWest reduced his repayments in the past it was because it was manually monitoring his account. And it was in communication with him about this. So I don't think there is any inconsistency with the terms and conditions. And it's not for me to say whether the loan is enforceable. That's a matter for a court of law.

The adjudicator told Mr B that if he still wasn't happy with his opinion, his complaint would be referred to an ombudsman. Mr B responded by saying this Service was missing the point: he didn't ask NatWest to lower his payments. So the fact that it did this is outside the terms and conditions of the loan.

But when he first complained to NatWest Mr B said he was unhappy that after he'd made the lump sum payments NatWest didn't tell him what the new reduced monthly repayments would be so he had to make an estimate. In response to his complaint NatWest realigned his loan and reduced his monthly repayments. I can't see it acted against his instructions. NatWest says if he doesn't want to make reduced repayments it can arrange for the original repayments to be reinstated.

The other issue is the inability of NatWest to set up a direct debit instead of a standing order. NatWest has explained that as part of the forbearance plan the direct debit was cancelled in April 2018 and can't be reinstated because of the passage of time. It said its system wouldn't let it do that. So the only repayment method it can offer him is a standing order.

Mr B is concerned that if he makes any more large payments a standing order won't take that into account in reducing the monthly repayments. But in light of the terms and conditions, even if he had a direct debit NatWest wouldn't automatically reduce those payments unless he contacted it. So in that respect a standing order will have the same effect as a direct debit. If Mr B wants to retain the original repayments he doesn't need to do anything. If he wants them to be reduced he will need to contact NatWest. In any event this Service can't tell NatWest to change its systems and processes. That's the role of the Financial Conduct Authority.

Mr B told us he still doesn't have it in writing what his new loan repayments are. NatWest said it'd sent him a text message on 14 February 2019 telling him about the new monthly repayments. And it sent him a letter through the postal system on 17 June 2019. The adjudicator also sent Mr B a copy of the letter. I can't explain why Mr B hasn't received any of these. But whatever the reason I'm satisfied NatWest has sent him the details he's asked for.

Mr B also wants an explanation as to why his complaint wasn't registered correctly. I can't tell NatWest how it should deal with and handle complaints. Its complaint handling is not, under our rules, what is called a regulated activity. If Mr B wants to take his concerns about NatWest's complaint handling procedures further he will need to refer his concerns to the Financial Conduct Authority.

I can't comment on any information NatWest may have given Mr B's wife. It's for the Information Commissioner's Office (ICO) to decide if there's been a breach of the Data Protection Act which means I can't make a finding on that point. So Mr S's concerns in this respect are better directed to the ICO.

### **my final decision**

My decision is that to put matters right NatWest should pay Mr B £75 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 8 February 2020.

Linda Freestone  
**ombudsman**