

complaint

Ms D complains that, in spite of making substantial repayments, she has been unable to clear her credit card debts because of excessive interest charged by National Westminster Bank plc.

background

Ms D has two credit card accounts with NatWest. She says that she ran up various debts during a period when she was unable to work because of her partner's illness, and has struggled financially since then.

Ms D says that NatWest unfairly increased the rate it charged on the cards, following her making a lump sum repayment on the balances – which has made it impossible for her to clear the remaining debts. She says she has felt bullied by approaches from NatWest about the debts.

NatWest says that it has tried to work with Ms D over the years to help her, and that the changes to the variable interest rates on the cards were unconnected to the payments Ms D had made. It did not accept that it had treated Ms D unfairly.

As things were not settled, Ms D brought her complaint to this service where an adjudicator investigated it. From the evidence, the adjudicator felt NatWest had taken reasonable steps to help Ms D and had not treated her unfairly in the way it had administered her accounts. Because of that, the adjudicator did not feel able to recommend that the complaint should be upheld.

Ms D did not agree and said, in summary:

- The adjudicator does not seem to have taken proper account of her circumstances, including recent payments she has made, and has leant too far in favour of NatWest. Some of what NatWest has said is misleading and ambiguous.
- It should not be assumed that she needs a long-term arrangement – if she were to sell her flat, she could repay all her debts.
- NatWest will not help her in the way she requires – it should be possible for the interest rate to be reduced and all charges stopped, without having to close or default the accounts.
- When NatWest wrote to her before increasing the rates, she could not respond as she was spending a lot of time visiting her partner who was in hospital in another city. She understands that her rate was increased because she represented a bad risk, which was of no help to her in repaying the debt.
- She now has an additional source of income, which has allowed her to resume regular repayments. But what has happened to her is a trap which many older people fall into, which is that she cannot get a loan to repay her credit card debts because of her age.

my findings

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

Looking at what's happened here, it seems that Ms D has experienced difficulty with the accounts for a number of years. She managed to reduce the balances by borrowing on the equity of her flat, and this also enabled her to pay other pressing debts. But this did not resolve her financial difficulties.

When NatWest increased the rates on the cards following a lending review, it wrote to Ms D to explain that the new rates would apply if she wanted to keep the card accounts open to use going forward.

Alternatively, she had two months in which to opt to stop using the accounts. They would then be closed and she could repay the balances over time, at the old rates of interest. Ms D did not take up that option.

From what she has told us, Ms D has been reluctant to enter into repayment arrangements that would involve the accounts being closed or any form of adverse credit file information being registered.

I can appreciate that Ms D is worried that she would not now be able to get a credit card or loan, were she to apply for one, and is reluctant to take any step which might restrict her financial choices. She also finds it upsetting when NatWest contacts her each time a payment is overdue.

But the difficulty is that NatWest is not obliged to allow Ms D to keep the card accounts open without charges and at a lower rate of interest. It has already provided some refunds and interest-free periods, but this cannot really solve the underlying problem of how Ms D should best repay her debts – including the card debts.

We cannot offer debt advice, and I see that NatWest has already given Ms D contact details for reputable, free debt advice organisations that could help her with her finances. It seems to me that it would be in her interests to get proper advice and I would urge her to contact one of those organisations for help.

Ms D first took her NatWest credit card accounts many years ago, and this may have a bearing on what information may be registered with credit reference agencies. That is something that a debt adviser would be able to clarify for Ms D as part of an overall assessment of her repayment options.

I have sympathy for Ms D, who is clearly concerned about how she should manage these debts. But, in all the circumstances, I am not persuaded that NatWest treated her unfairly.

As a final point, I would remind NatWest of its ongoing duty to deal fairly and sympathetically with Ms D (or any advisor she nominates to represent her) in arriving at suitable repayment arrangements.

my final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 16 November 2015.

Jane Hingston
ombudsman