

## **complaint**

Miss O complains about a packaged bank account called “Advantage Gold” that was sold to her by National Westminster Bank Plc (NatWest) in 2002.

## **background**

There was a monthly fee for the packaged account and it came with a range of benefits. In 2002 these benefits included travel insurance and preferential overdraft rates (amongst other things). Although she no longer uses it, Miss O’s Advantage Gold Account is still open. It’s currently in arrears as a result of various unpaid bank charges.

Miss O has made two complaints about the account. The first is that the bank charges have been unfairly applied. And the second is that she wasn’t told she had to pay for it. We have already looked at Miss O’s complaint about the bank charges and after considering the evidence, our view was that they hadn’t been unfairly applied.

NatWest recently investigated Miss O’s complaint about the sale of the account, specifically whether she knew she had to pay for it. After doing so, they offered to refund her all the money she paid in account fees. NatWest’s reasons for offering the refund were: they couldn’t find evidence that Miss O had been told how much the account cost; she hadn’t used any of the benefits and because she was in financial difficulty.

As Miss O’s account is currently in arrears, NatWest have said that they will deduct the money they refund her in fees (apart from the interest) from the amount of money she owes them in unpaid charges. NatWest’s offer also included a deduction for the savings Miss O made through using the overdraft discounts that came with the account.

Miss O has not accepted NatWest’s offer. She remains of the view that the charges they are to be deducted from have been unfairly applied. Since the complaint could not be resolved informally it has been passed to me.

## **my findings**

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

NatWest have accepted that there isn’t evidence Miss O was told she had to pay for the account. So I don’t need to make a decision about whether the account was mis-sold. Instead, I’ve considered if NatWest’s offer to Miss O is fair. For reasons I will go on to explain, I think it is.

A bank such as NatWest can use compensation that it offers a consumer following a complaint to reduce a debt the consumer owes them. But they can only do this in certain circumstances. These circumstances include when the debt amount to be reduced relates to the same account which the compensation is to be awarded for. Also the debt shouldn’t have been sold to an external debt collection company. And the consumer should not have other debts that may lead to severe consequences if they are not paid immediately.

Based on what I’ve seen, these circumstances aren’t relevant to Miss O’s complaint.

While I understand that Miss O doesn't agree that she owes NatWest any money, the information available shows that she does. It's also clear that the account fees NatWest have offered to refund her and the debt amount they want to deduct those fees from, relate to the same account (the Advantage Gold Account). With this in mind and in the absence of other evidence that indicates they can't make the deduction – I think NatWest's offer to Miss O is fair.

### **what NatWest should do to put things right**

NatWest should put Miss O back in the position she would have been in if she had opened a free account. So they should:

- Refund Miss O all the Advantage Gold fees she paid; and
- Add interest at 8% per year simple on each of the account fees from the date Miss O paid the fees to the date she gets them back<sup>†</sup>.

<sup>†</sup> HM Revenue & Customs requires NatWest to take off tax from this interest. NatWest must give Miss O a certificate showing how much tax they've taken off if she asks for one

I think it's fair for NatWest to deduct the refunded fees from the money she owes them in unpaid bank charges connected to her Advantage Gold Account. The interest portion of the refund however should not be used to reduce the debt – this should be paid to Miss O directly.

I also think it's fair for NatWest to deduct the money Miss O saved through using the overdraft discounts that came with the Advantage Gold Account. If NatWest want to make these deductions they should give Miss O the full details of the calculations they have made.

### **my final decision**

I uphold Miss O's complaint about the sale of her Advantage Gold Account and direct that National Westminster Bank Plc pay compensation in the way outlined.

Tope Adeyemi  
**ombudsman**