

complaint

Mrs M complains about National Westminster Bank Plc (NatWest). She says that she had to make loan repayments when she was unable to work due to illness and that these repayments should have been covered by a Payment Protection Insurance (PPI) policy. She also says that NatWest should have advised her to make a claim against the policy.

Additionally, Mrs M has doubts whether a backdated claim against the PPI policy was ever paid and if it was paid, she thinks it was not enough. She also thinks that if the backdated claim was paid, it should have been paid to her directly and not paid towards the loan balance. Mrs M has also asked for clarification about her loan repayments and has questioned why her loan was written off.

background

Our adjudicator did not uphold Mrs M's complaint. Mrs M did not agree with our adjudicator, so the complaint has been passed to me for final decision.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have reached the same conclusions as our adjudicator and for the same reasons.

Our adjudicator has set out her reasoning in detailed correspondence with Mrs M. I do not intend to repeat it here, so I shall summarise the main points.

With regard to Mrs M's complaint that NatWest did not advise her to make a claim against the PPI policy, we have already explained to Mrs M that this issue was considered on a previous occasion as a separate complaint. As a result, I will not be making any further findings in relation to this part of her complaint.

Mrs M has told us that she doubts whether a backdated claim against the PPI policy was ever paid and if it was paid, it was not enough. Our adjudicator has provided Mrs M with copies of her account statements showing that a number of payments totalling £2,759.02 were credited to her current account by the policy insurer on 20 September 2010 and 18 October 2010. I am therefore satisfied that the backdated claim was paid. Our adjudicator has also provided Mrs M with evidence to show that the payments she made to NatWest and the debt collection agency were used to reduce the outstanding balance of her loan.

Mrs M has also complained that the payments were transferred to her loan and not paid to her directly. On 25 January 2011, £2,861.12 was transferred from Mrs M's current account to her loan. At this time, the last payment made to the loan by Mrs M was £20 paid to the debt collection agency for NatWest. I understand that prior to this she was making reduced monthly repayments. The debt management notes that NatWest has provided state that Mrs M was told that the backdated claim would go towards her outstanding loan debt. This is understandable given that the purpose of the PPI policy was to insure her monthly loan repayments in the event that she became unwell and was unable to work. Mrs M thinks that the payments she made while waiting for the backdated claim should be refunded. But I agree with our adjudicator - given the level of arrears on Mrs M's loan account, I do not think it would be fair and reasonable to ask NatWest to refund the payments it accepted prior to

the backdated claim being paid, especially as I understand that NatWest has agreed to write off the outstanding debt.

Mrs M has also queried why NatWest agreed to write off the outstanding debt in 2011. NatWest has told us that it took a commercial decision to write off the outstanding debt based on Mrs M's inability to repay the debt as she had stopped working due to ill health. It had also received evidence that she had a number of other priority debts.

NatWest has a duty to treat customers in financial difficulties positively and sympathetically. I think that the decision to write off the outstanding debt and not to pursue Mrs M for the outstanding balance was in line with this duty.

For the reasons set out above, I have decided not to uphold Mr M's complaint. I also do not think it would be fair and reasonable to direct NatWest to refund the payments Mrs M made towards the loan before the backdated claim was paid.

my final decision

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

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs M to accept or reject my decision before 12 February 2016.

Jagdeep Tiwana
ombudsman