

complaint

Mr A complains that National Westminster Bank Plc did not allow him sufficient opportunity to reach a repayment arrangement for his borrowing before it appointed a debt collector.

background

Mr A had personal accounts with NatWest with an overdraft. He also had business borrowing which is being considered in a separate complaint. He says he was in financial difficulty and after NatWest had given him notice that it would be closing his personal accounts it did not discuss repayment options with him. It transferred his borrowing to its recoveries department, and he believed that he would be able to make a direct arrangement with NatWest. Instead a debt collection agent was appointed to recover his personal borrowing.

Our investigator did not recommend that the complaint be upheld. He said that we couldn't tell NatWest what processes it should follow. Although Mr A had been in contact with NatWest in November 2017 no payment arrangement was reached. Mr A spoke to NatWest again in January 2018 and it says it agreed with Mr A that it would be best if his borrowing was transferred to the recoveries department. It sent a final demand on 19 February 2018 and when Mr A contacted it on 26 February 2018 told him that the account was already being moved to recoveries. He didn't think it had acted unfairly by then appointing a debt collector to discuss repayment.

Mr A did not agree. In its final response to the complaint NatWest had said that when an account was passed to recoveries it was normal practice to appoint a debt collector. There was no contact from NatWest after 26 February 2018. And he says he was consistently asking for details of an account that he could make payments to. He did not think NatWest ever had any intention of coming to a workable agreement with him. And the involvement of a debt collector had damaged his credit record.

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 want to set out a bit more detail about what happened referring to both the letters and contact NatWest has reported and Mr A's own summary:

September 2017- NatWest contacted Mr A about his business borrowing and Mr A had provided details that his business was no longer trading and that he was on benefits and in financial difficulties. This led to his business accounts and his personal borrowing being transferred to the collections team.

11 December 2017 - NatWest wrote to Mr A saying that following the unsatisfactory operation of his accounts his personal accounts would be closed on 9 February 2018

15 January 2018 - NatWest wrote to Mr A to say that it intended to take action to recover the borrowing if no arrangement was in place by 15 February 2018.

25 January 2018 - Mr A says he arranged for a basic bank account to be set up during a call back. The notes from NatWest state that he was made aware his accounts were being

moved to recoveries. Mr A says he believed he was given assurances that the repayment arrangements would be handled by NatWest.

7 February 2018 - Mr A says NatWest wrote to him saying it had been trying to contact him. He says he responded and was told a letter was coming.

19 February 2018 - formal demand for payment was made by close of business on 27 February 2018. This letter set out the option of Mr A telephoning it to agree a plan and said it could accept debit and credit card payments. Or that he could write with his proposals. It said that if there were no proposals agreed it could commence legal action or instruct debt collectors.

26 February 2018 - Mr A says he phoned and was told his account was being passed to recoveries.

26 March 2018 - Mr A received a letter saying his account had been passed to a debt collector.

18 April 2018 - a first letter from the debt collector was received.

I don't have recordings of any calls Mr A had with NatWest so I can't know exactly what was said. It seems to be agreed that he was aware the borrowing was being passed to recoveries. By January 2018 he had had time to come to an arrangement to repay his borrowing and he knew that his personal accounts would be closed. I've not got evidence that he made any specific proposals or of when he contacted NatWest wanting to make a payment to his personal account and couldn't before the account was closed and passed to recoveries. While of course I would expect NatWest to contact him, I think it made him reasonably aware of its process and for example what might happen if he was unable to repay the borrowing.

I think it likely he thought that as part of the recoveries process it would be contacting him. I accept he didn't understand that this would be through debt collectors. But that was NatWest's process. And I'm not persuaded from what I've seen that it was unreasonable that the borrowing had reached the recovery stage. It says that this allowed it options to freeze interest and allow a longer period to repay. It says his credit record was already affected and NatWest has confirmed that there would be no further entries relating specifically to the use of debt collectors or reported by those third parties.

I fully appreciate Mr A wanted to deal with NatWest directly about repayment. And that he thinks it acted prematurely and harshly. But I'm afraid that it was entitled to decide how to deal with his borrowing having in my view given him an opportunity to repay it. That involved the use of a debt collector and I don't have a basis to find that NatWest made a mistake here. I appreciate he will be very disappointed by my conclusions.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 15 November 2020.

Michael Crewe
Ombudsman