

complaint

Mr and Mrs C's complaint is about the way National Westminster Bank Plc ("NatWest") contacted them to repay a debt for which they provided their property as security.

background

Under a legal charge taken out in 2008, Mr and Mrs C provided their home as security for a loan taken out in Mr C's sole name.

NatWest has been in contact with Mr and Mrs C to arrange repayment of the debt since October 2012. Mr and Mrs C's complaint relates to a number of issues connected to this contact. In particular, they're unhappy that NatWest pursued Mrs C for the debt as if she was personally liable – and that it took around 10 months to respond to an offer for repayment.

One of our investigators reviewed Mrs C's complaint. She didn't think that NatWest had acted incorrectly in contacting Mrs C to discuss repayment of the debt, as she'd agreed to provide her property as security. But she did think that there had been some errors in the service NatWest had provided, so she thought it should pay Mrs C compensation of £500 for the upset these had caused.

NatWest accepted our investigator's opinion, but Mr and Mrs C thought the compensation she'd recommended was too low. They said that the issue had had a significant impact on Mrs C's health and led to her giving up her own business.

As Mr and Mrs C didn't accept our investigator's opinion, her complaint was passed to me to review.

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 Mr and Mrs C agreed to provide their property as security for the debt, NatWest was entitled to contact them about recovering the amount owing on that debt when it became payable. The legal charge gave NatWest the right to seek possession of the property to recover the money it was owed. But to prevent possession proceedings, it tried to obtain an alternative proposal for repayment. So I don't think NatWest acted incorrectly or unfairly in contacting Mrs C about the debt – either separately or in conjunction with Mr C – to ask her for a repayment proposal, or in advising her that failure to reach a repayment agreement would lead to possession proceedings.

That said, NatWest has acknowledged that its service fell short of that to which Mr and Mrs C would reasonably have expected. In particular, there was some confusion as to the basis on which NatWest was seeking to recover the debt. And while NatWest has explained why it didn't respond to Mrs C's offer to settle the debt, it could've been clearer on this at an earlier stage. There were also some errors in the way it referred to Mrs C – I can see, for example, that it's used her maiden name in some correspondence – and how it responded to previous complaints.

In deciding a fair amount of compensation, I've considered everything Mr and Mrs C have told us about the impact this issue had on them. I'm particularly mindful that this was already a stressful situation for both of them. I can imagine that these issues would've added unnecessary upset. And I'm sorry to learn of the significant health problems from which Mrs C is suffering.

Ultimately, though, I find it hard to separate out the administrative errors that I've outlined above from the bigger picture here – which was that Mr and Mrs C were faced with a significant debt to repay and the prospect of losing their home. And as I've already said, in this regard NatWest wasn't doing anything wrong in seeking to recover the debt from them.

So taking everything into account, I think NatWest's offer of £500 is fair compensation for the upset caused by NatWest's errors.

my final decision

For the reasons set out above, I uphold Mrs C's complaint in part and require National Westminster Bank Plc to pay her compensation of £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 21 December 2016.

Ben Jennings
ombudsman