

## **The complaint**

Mr P complains that delays and poor service by National Westminster Bank Plc (NatWest) when reviewing an overdraft extension led to missed loan payments being recorded on his credit file.

## **What happened**

Mr P has a business account with NatWest. Mr P also had a loan with NatWest that was collected by direct debit from the business account each month. A payment was due on 11 April 2022 but wasn't made due to insufficient funds.

Mr P has explained that he was unaware that the payment due on 11 April 2022 hadn't been made and that he wasn't contacted by his relationship manager to provide a warning. On 11 April 2022 Mr P contacted his relationship manager to request an extension of the business overdraft facility. Mr P's explained that there was a temporary cashflow issue within the business which meant it needed access to additional funds.

A video meeting was completed on 12 April 2022 and NatWest requested information by email. Mr P submitted the required information on 29 April 2022.

The application to increase the overdraft wasn't immediately processed. And NatWest says that when the next loan payment was due on 9 May 2022 there was again insufficient funds to meet it. As a result, missed payments for the loan were recorded on Mr P's credit file.

Mr P has explained that during this time they were looking for remortgage options. But when he attempted to complete the process missed payments on Mr P's credit file meant they were unable to proceed.

The business overdraft extension application was completed in July 2022 and initially declined due to the missed loan repayments showing on Mr P's credit file. The overdraft extension was subsequently approved and Mr P complained about the missed loan payments recorded on his credit file.

NatWest issued a final response on 24 October 2022 and upheld Mr P's complaint, accepting there had been avoidable delays in the overdraft application process. NatWest agreed to remove the adverse information recorded and refunded late fees applied. NatWest also paid Mr P £150 for the distress and inconvenience caused.

Mr P referred his complaint to this service and it was passed to an investigator. In his submissions, Mr P explained how the missed payments showing on his credit file had impacted his ability to secure a new mortgage. Mr P explained that by the time the credit file amendments had been made, interest rates had increased substantially. As a result, Mr P says mortgage costs are significantly higher over the long term.

We asked NatWest to provide a copy of its business file and comments on Mr P's complaint. In its submissions, NatWest accepted that there had been some avoidable delays with the way the business overdraft application had been handled. But NatWest pointed out that the

April 2022 loan payment had already been missed on the date Mr P contacted its relationship manager to request an overdraft extension. NatWest also said the missed payments had impacted the process of completing the overdraft extension application. Whilst NatWest agreed to remove the missed payments to settle Mr P's complaint, it didn't agree it was responsible for any losses connected to his mortgage.

Our investigator thought NatWest had dealt with Mr P's complaint fairly and didn't ask it to take any further action. Mr P asked to appeal and said previous relationship managers had contacted him in advance of any payments being missed to provide a warning but that this service had been withdrawn without notice. Mr P also said they hadn't received text alerts warning them of the loan payments being missed. Mr P added that NatWest was aware in April 2022 that he needed to make new arrangements for his mortgage. As Mr P asked to appeal, his complaint has been passed to me to make a decision.

### **What I've decided – and why**

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

I'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

I've reviewed Mr P's loan statements in addition to the business account statements and can see that in April and May 2022 there was insufficient funds available to make the payments required. I'm satisfied the loan payments weren't made as normal. I've gone on to consider whether it was fair for the missed loan payments to be recorded on Mr P's credit file.

Mr P's explained that his previous relationship manager would've taken the step of contacting him if a loan payment was in danger of being missed. And Mr P has supplied an email from his previous relationship manager that confirms this point and that the approach at NatWest has changed. Mr P's previous relationship manager explained NatWest's current approach is that if a text message had been sent and notice had previously been provided, there was no longer a requirement to contact customers. The previous relationship manager added that they would personally have contacted Mr P in the situation despite not being required to do so by NatWest.

I appreciate that Mr P's previous relationship manager said that despite NatWest not requiring them to do so, they would've contacted him before the loan payments were missed. But I think it's fair to say that the previous relationship manager's comments fall outside of the bank's policy and requirements for staff. I'm satisfied that NatWest is able to decide how it operates, including when relationship managers have to contact customers. And, as the previous relationship manager confirmed, the policy in April 2022 was that no contact was required. As directly contacting loan holders in advance of a missed payment isn't a step NatWest requires its staff to take, I'm unable to agree the current relationship manager's lack of direct warning was unreasonable in its own right.

Mr P's pointed out that the process changed without notice. But businesses change their processes regularly and won't necessarily inform customers each time. Here, the requirement under Mr P's loan terms was for him to make a payment each month on the due date. The loan terms don't say that NatWest is obliged to contact Mr P if there is a risk of a

payment being missed. Whilst I can understand why Mr P feels NatWest ought to have done more, I haven't been persuaded it acted unfairly.

NatWest has added that Mr P's mobile phone number is registered to receive account notifications, including text messages. I've seen the systems evidence that shows Mr P's mobile number, which matches the one he gave us, is recorded. I understand Mr P doesn't recall having received a text message in April or May 2022, but I'm satisfied it was most likely sent as NatWest claims.

I've considered whether it was reasonable for NatWest to record missed payments whilst the business overdraft extension request was ongoing. I appreciate Mr P's view that NatWest would've been aware they had loan payments due. But I think it's fair to say Mr P was also aware that the business account had regular outgoings. And whilst there is a relationship manager in place, the account is self-managed. That means it's ultimately the account holder's responsibility to ensure the account is able to meet its obligations. Mr P has told us there were funds available elsewhere that could've been used to cover the loan payments. Mr P had the option of checking to ensure the business account balance remained within the overdraft limit whilst waiting for NatWest to confirm whether the overdraft limit could be extended.

I also think it's fair to add that NatWest has provided systems evidence to show that Mr P and Mrs P (who is also authorised as a third party to the business account) were able to access their online and mobile banking facilities during the period in question. And the records show online and mobile banking was accessed both before and after the April and May 2022 payments were missed. I'm satisfied Mr P was able to access his online banking facility that would've allowed him to see whether there were sufficient funds available to meet the loan payments.

When NatWest responded to Mr P's complaint it agreed to remove the missed payments. But, for the reasons I've given above, I agree with NatWest's view that the arrears were reasonably recorded at the time as an accurate picture of how loan payments were made. I'm sorry to disappoint Mr P but as I haven't been persuaded NatWest unfairly record missed loan payments as they occurred, I don't agree it would be fair to tell it to compensate him for higher mortgage costs he's told us about.

In addition to amending his credit file, NatWest paid Mr P £150 in recognition of the distress and inconvenience caused by the way the overdraft extension application was handled. There was some confusion and delays and I agree the service provided could've been better at times. In my view, £150 reflects the impact of the issues raised on Mr P and is a fair way to resolve his complaint. As I'm satisfied NatWest has already taken steps to remove the missed payments from Mr P's credit file and agreed a settlement that is fair and reasonable in all the circumstances, I'm not telling it to do anything else.

### **My final decision**

My decision is that National Westminster Bank Plc has already agreed a settlement that is fair and reasonable in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 26 October 2023.

Marco Manente  
**Ombudsman**