

## **The complaint**

Mr H is unhappy with several aspects of the service he received from National Westminster Bank Plc ("NatWest") surrounding a refinance arrangement.

## **What happened**

To briefly summarise: Mr H has two loans with NatWest both of which have been in a position of arrears for some time. Mr H agreed a refinance arrangement with NatWest in December 2021. The initial arrangement was dependent upon a six-month plan designed to demonstrate Mr H's ability to pay, so as to provide NatWest with confidence that any subsequent longer arrangement would be viable and affordable for Mr H.

Mr H successfully completed the initial six-month affordability arrangement in May 2022, at which time a further, longer-term refinance arrangement was supposed to be agreed between NatWest and himself. However, rather than contacting Mr H to discuss the further arrangement as they should have done, NatWest transferred Mr H's accounts to a debt recovery agency ("DRA").

Mr H wasn't happy about this and contacted NatWest about it. NatWest responded to Mr H on 17 August 2022 and apologised for what had happened and arranged the recovery of the accounts from the DRA. NatWest also agreed to amend Mr H's credit file for the months in question so that no incorrect adverse information was reported to it, and they also offered to make a payment of £150 to Mr H as compensation for the trouble and upset their mistake had caused. Finally, NatWest confirmed that once the accounts were brought back from the DRA that they would contact Mr H to discuss the further refinance arrangement.

NatWest completed the recovery of Mr H's accounts from the DRA on 12 September 2023. However, rather than contacting Mr H to discuss the refinance arrangement as should have been the case, they sent Mr H a text message asking him to repay the full balances of the two loans. Mr H wasn't happy about this, and he also wasn't happy that the compensation cheque he'd received from NatWest wasn't for £150 as they'd promised but was only for £100. So, he raised a further complaint.

NatWest responded to Mr H on 15 September 2022 and apologised for the error and said that he would be contacted by their refinance team in the near future. NatWest also arranged to cancel the £100 cheque that Mr H had received and to credit him with £150 as should have been the case. And NatWest also credited a further £100 to Mr H as compensation for the frustration and inconvenience he'd incurred.

On 16 September 2022, NatWest completed their refinance arrangement calculations and sent the details to Mr H for his review. Mr H wasn't happy with the proposed refinance arrangement and contacted NatWest about it on 23 September 2023. Specifically, Mr H was unhappy that £2,465.42 – relating to the highest overdrawn balance on his NatWest current account in the three months preceding the original refinance arrangement in December 2021 – wasn't included in the refinance proposal as he'd been promised it would. And Mr H also felt that NatWest had calculated the total of his two loans incorrectly, quoting it as being £9,450 when in fact it should have been £9,050.

NatWest responded to Mr H on 8 December 2022 and confirmed that the total of his two loans was £9,450. NatWest also explained that when Mr H discussed the refinance arrangement with them in December 2021 that he had been incorrectly told that his highest overdrawn balance from the prior three months could be included.

The correct information that Mr H should have been given was that the highest overdrawn during the 30 days prior to the December call could be included, which in Mr H's instance was £1,180.45. However, NatWest also confirmed that because Mr H hadn't used his overdraft facility in the last 30 days before NatWest calculated the refinance proposal on 16 September 2022, that as per their policies the refinance arrangement would only include the loan balances, and that Mr H's overdraft facility would now be removed.

NatWest apologised for the misinformation that Mr H had been given in December 2021, and they also apologised for contacting Mr H regarding repayment of one of his loans while his complaints with them were in place. NatWest also agreed to credit a further £250 to Mr H, in addition to the £250 he had previously received, and they confirmed that Mr H would now need to liaise with NatWest's refinance team to secure the refinance arrangement that they'd proposed to him.

Mr H contacted NatWest again on 3 January 2023. Mr H explained that he was unhappy that NatWest had spelt his name wrong on their complaint response letter of 8 December 2023. NatWest apologised to Mr H for this and credited his account with £30 as compensation for the distress he'd incurred as a result.

Mr H also explained to NatWest at that time that he no longer wanted to refinance his debts with them and wanted to continue with the original loan repayments. NatWest confirmed to Mr H that this would be possible, but that because loans were now in a position of significant arrears, as per the loan agreements – of approximately £4,000 and £2,600 respectively – that an arrangement would need to be agreed for Mr H to clear those arrears alongside the regular loan payment amounts he would need to resume making.

NatWest also confirmed that to come to any such arrears arrangement with Mr H, they would need to conduct an income and expenditure assessment with him to confirm the affordability of any potential arrangement. NatWest confirmed that they'd placed a two-week hold on the accounts to allow Mr H to contact them to conduct the income and expenditure assessment with them. Finally, NatWest explained that if Mr H did want to continue with the refinance option that the previous affordability arrangement that he'd undertaken with them had now expired, meaning he would have to complete a new six-month affordability arrangement as he'd done previously from December 2021 to May 2022.

Mr H contacted NatWest again around that same time as he was unhappy that interest had been applied to his loans while the refinance arrangement remained unresolved. NatWest responded to Mr H on 5 January 2023 and confirmed that no interest had been accrued on either loan during the time that they had incorrectly been with the DRA – for the months June, July, and August 2022. But NatWest also confirmed that following the return of the accounts to NatWest in September, interest had resumed being applied to the outstanding balances in line with the terms of the loans and NatWest's policies.

Mr H spoke with NatWest later in January and asked them to look at his complaints again as he was unhappy with the responses that he'd received from them. Shortly afterwards, Mr H raised a further complaint with NatWest because he was unhappy that NatWest had called him about his outstanding loan balances while he had complaints outstanding with them that he'd asked to be reopened.

NatWest responded to Mr H in March 2023 and confirmed that his complaints had been

reopened as he'd requested but that the agent that he'd spoken with hadn't applied a contact hold to his accounts as they should have done. NatWest apologised to Mr H for this and credited him with £50 as compensation for the upset and trouble he'd incurred.

Finally, NatWest again contacted Mr H and confirmed that they stood by the responses to his complaints that had already been issued to him. Mr H wasn't satisfied with NatWest's position on his complaints and so referred them to this service.

One of our investigators looked at what had taken place. But they felt that the responses that NatWest had issued to Mr H already represented fair outcomes to all aspects of Mr H's complaints. Mr H remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

Mr H has provided several detailed submissions to this service regarding his complaint. I'd like to thank Mr H for these submissions, and I hope he doesn't consider it a discourtesy that I won't be responding in similar detail here. Instead, I've focussed on what I consider to be the key aspects of this complaint, in line with this service's role as an informal dispute resolution service.

This means that if Mr H notes that I haven't addressed a specific point he's raised, it shouldn't be taken from this that I haven't considered that point – I can confirm that I've read and considered all the submissions provided by both Mr H and NatWest. Rather, it should be taken that I have considered that point but that I don't feel it necessary to address it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.

It's immediately notable that Mr H hasn't adhered to the repayment terms of his loan agreements with NatWest such that both loans are now in a position of significant arrears. Mr H had asked NatWest to agree to a refinance arrangement with him in December 2021. But it's my understanding that, to date, over a year after NatWest sent the refinance proposal to NatWest in September 2022, Mr H hasn't agreed to a refinance arrangement with NatWest.

I'm aware that Mr H is unhappy with the refinance proposal put forwards by NatWest. But, having reviewed that proposal – which might reasonably no longer be available to Mr H due to the length of time that has now elapsed – I'm satisfied that it was fair and that it accurately captured the loan balances that Mr H owed at that time.

Mr H was given incorrect information about the details of the refinance arrangement when he first spoke with NatWest in December 2021, specifically in reference to the potential inclusion of an overdraft balance. But it doesn't follow that because NatWest made a mistake and gave incorrect information to Mr H that they are duty bound to honour that incorrect information. And I'm satisfied that the apology, explanation, and compensation that NatWest have already paid to Mr H about this matter fairly resolves this aspect of his complaint.

Ultimately, it's for NatWest to set the terms of any refinance arrangement that they're willing to offer. Mr H can choose to either accept the refinance arrangement proposed to him by NatWest or revert to the original terms of the loan.

However, it must be noted that because Mr H hasn't been making monthly repayments to his loans for many months that both loans are now in significant arrears. And it also must be

noted that it isn't the case that Mr H was absolved of his responsibility to repay the loans because he raised complaints about those loans with NatWest.

This means that, if Mr H does want to revert to the original loan terms and can't clear those arrears or come to an acceptable and affordable agreement with NatWest to repay them, that NatWest may be put into a position where they may have to consider defaulting Mr H's loan accounts for non-payment.

So, while NatWest have made several errors here, which they've admitted to, I'm satisfied that they have taken the necessary corrective action – such as recalling the accounts from the DRA and correcting Mr H's credit file – such that no further action is fairly required of them. And I'm also satisfied that the cumulative compensation of £580 that NatWest have paid to Mr H has fairly compensated him for any trouble and upset these individual errors may have caused him.

But I also feel that Mr H himself must also be considered responsible for the current position of the loan accounts, because he hasn't made payments in line with his contractual responsibilities to do so or accepted the refinance arrangement proposal put forwards by NatWest – which as previously explained I'm satisfied was fair and reasonable.

I can therefore only encourage Mr H to contact NatWest to discuss his options with them, as per NatWest's requirements. I realise this won't be the outcome Mr H was wanting. But I hope he'll understand, given what I've explained, why I've made the final decision I have.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 3 November 2023.

Paul Cooper  
**Ombudsman**