

## **The complaint**

Mr R complains that National Westminster Bank Plc (NatWest) did not fairly compensate him after he complained about a payment protection insurance ('PPI') policy.

I know Mr R has three complaints with us about PPI compensation. Just to be clear that this complaint is about his NatWest credit card ending 06.

## **What happened**

Mr R had a credit card with NatWest and his repayments were covered by a PPI policy. In March 2005, Mr R tried to make a claim on the PPI policy and the claim was rejected.

In or around 2019, Mr R complained to NatWest about the sale of PPI. NatWest agreed that it had mis-sold PPI to Mr R and it offered to pay him £541.10 to compensate him for that mis-sale.

Sometime later, NatWest said it had looked again at Mr R's PPI claim from 2005. It said it now thought the claim should have been paid and it offered to compensate Mr R. It worked out that if the claim had been paid back in 2005, £26,231.16 would have been paid off the credit card balance. NatWest also calculated simple interest at the rate of 8% per year which came to a net amount of £32,857.79. In total, NatWest's total offer to compensate Mr R was £58,647.40.

However, NatWest said there was still an outstanding balance on Mr R's credit card account of £23,176.59. NatWest said it was going to keep some of the compensation back to pay that balance off. In September 2022, it paid £35,470.81 directly to Mr R and paid £23,176.59 into his credit card account to clear the balance.

Mr R didn't think any deductions should have been taken from the compensation. He said NatWest had previously told him that the outstanding credit card debt was 'statute barred'. In other words, it was too late for NatWest to take any action to recover the outstanding balance on his credit card. In response, NatWest said the debt was not statute-barred because payments were still being made towards the account in August 2019. NatWest offered to pay £50 to Mr R because it had given him incorrect information on that point.

Mr R complained to this service. He told us NatWest shouldn't have deducted anything from the offer of compensation. He said he hadn't made any payments towards NatWest debts in 2019 and NatWest hadn't provided any proof that he did. He raised several customer service issues with NatWest and said he thought he should be compensated for those failings.

Our investigator looked at the complaint. He said he thought it was fair for NatWest to use some of Mr R's compensation to pay off the outstanding balance of the credit card. Mr R did not accept that view. He said he had made over 300 telephone calls to NatWest and that he thought NatWest should pay him compensation for the inconvenience he was put to.

As Mr R did not agree with our investigator's view, the matter was passed to me for an ombudsman's decision.

I then issued a provisional decision in which I said I didn't think the complaint should be upheld. I said:

“...The first thing I’ve looked at is whether it was fair for NatWest to keep some of Mr R’s compensation back to pay off what it said was an outstanding balance on his credit card.

As I said above, NatWest said Mr R owed £23,176.59 on his credit card. NatWest provided us with some of Mr R’s account data and I’m satisfied that this balance was outstanding at the time the deduction was made. I’m also satisfied that NatWest cleared this balance on 29 September 2022.

I know Mr R feels strongly that this debt was statute barred and that NatWest could not take action to recover it. But even if Mr R’s debt was statute barred, that doesn’t mean the outstanding balance had disappeared – Mr R would still have owed that money even if NatWest had left it too late to take court action to get it back.

In a situation like this, we generally say that where two people – or a person and a business – owe each other money, it is fair that they each pay what they owe. So, in this case, when NatWest calculated Mr R’s compensation, it worked out it owed him some money. But as he still had an outstanding balance on his credit card, Mr R also owed NatWest some money. In that situation, I think it is fair for NatWest to keep back enough of the compensation to pay off the outstanding balance on Mr R’s credit card account.

I think that’s especially so in this case as NatWest decided to pay compensation to Mr R because it thought his PPI claim should have been paid back in 2005. So, if things had gone as they should have done back in 2005, Mr R’s credit card balance would have been settled at that time. I think it’s unlikely any of the claim would have been paid directly to Mr R.

With all of these things in mind, my provisional view is that it is fair for NatWest to keep some of Mr R’s compensation back to settle the outstanding balance on his credit card.

I know Mr R feels very strongly that NatWest should pay him further compensation for all the trouble he was put to in making a significant number of calls in connection to his complaint. And I’m sorry to learn that all of this has had a detrimental impact on Mr R’s health.

I’ve thought carefully about this matter, but I don’t think it would be fair for me to tell NatWest to pay any more compensation here. I say this because I think the compensation NatWest has paid to Mr R is very significantly more generous than I would expect. As I said above, NatWest calculated net simple interest in this case to be over £32,000 and it paid over £35,000 to Mr R in September 2022.

However, I would only expect simple interest to be paid to Mr R where he had been out of pocket because of a mistake made by NatWest.

What that means in practice is that I’d only expect NatWest to pay simple interest to Mr R from the point his credit card balance had been repaid in full. However, in this case, there appears to have been an outstanding balance on the credit card up to September 2022. In those circumstances, I wouldn’t have expected NatWest to pay simple interest from 2005, which it did in this case.

With that in mind, NatWest appears to have paid Mr R over £32,000 in simple interest from 2005. As it has paid several thousands of pounds more than I’d expect it to pay, I don’t think it would be fair for me to make a further award to compensate Mr R for the customer service issues he may have encountered when pursuing his complaint.

On that basis, my provisional view is that it wouldn’t be fair for me to tell NatWest to take any further action to put things right for Mr R.”

I asked the parties to provide me with any further information or evidence they wanted me to consider before I issued a final decision. NatWest did not have any further comments. Mr R responded by email and by phone. Before making this final decision, I have listened to all the calls Mr R made to this service and I have also considered the content of his emails in response to my provisional 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 do appreciate Mr R feels very strongly about his case, but I am afraid after considering the additional representations at some length, I have not upheld the complaint.

I note from Mr R's email of 2 November 2023 that he said NatWest "should and could compensate [him] for the trauma caused due to them mis-selling [PPI]". However, I need to make clear that the issue before me is not about whether PPI was mis-sold to Mr R. NatWest issued its final response about the mis-sale back in 2019. The issue before me is about the compensation NatWest paid to Mr R in 2022 after it said his PPI claim was wrongly rejected in 2005.

I have listened to the telephone call between Mr R and this service on 2 November 2023. I note that Mr R said it was not for me to determine whether NatWest had paid him more than it needed to. I also note from Mr R's email that he said he was seeking compensation for the time he'd taken to pursue his complaint and for the upset NatWest caused him.

I have no reason to doubt what Mr R told us about the customer service issues he experienced. However, when I am considering whether to make an award, I must determine what I consider to be fair compensation after taking account of all the circumstances in the complaint. I'm satisfied that the amount of compensation NatWest already paid to Mr R is highly relevant and it is something I should consider when deciding a fair outcome to this matter.

I do appreciate what Mr R told us about the calls he said he'd made to NatWest and that he was put to some upset and inconvenience in pursuing his complaint. However, I explained in my provisional decision why I thought NatWest had refunded considerably more than it needed to. When balancing this against the customer service issues Mr R had with NatWest, I am not satisfied that it would be fair to require NatWest to pay further compensation here.

I am sorry that Mr R will be disappointed with my decision, but for the reasons set out above and in my provisional decision, I have not upheld the complaint. I do not require NatWest to take any further action in this matter.

### **My final decision**

I do not uphold this complaint about National Westminster Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 5 December 2023.

Nicola Bowes  
**Ombudsman**