

## **The complaint**

Mrs P complains that National Westminster Bank Plc won't write off her outstanding loan balance due to her personal circumstances.

Mrs P is represented by her husband in bringing this complaint. But for ease of reading, I'll refer to any submission and comments he has made as being made by Mrs P herself.

## **What happened**

Mrs P says that she took out a personal loan in 2010, but she had difficulties making her repayments, so she arranged a repayment plan of £40 a month with them. Mrs P says that due to the cost of living she is unable to afford this. She says that the loan had been passed to different debt collection agencies (DCA's) at least three times and they ignored the previous arrangement of charging no interest. Mrs P made a complaint to NatWest.

NatWest did not uphold Mrs P's complaint. They said that the events that Mrs P had complained about were more than six years ago, so they were unable to look into the loan being passed to a DCA in 2013. They said the last time interest had been charged on the loan was 30 April 2013. NatWest said writing off the debt was not a standard procedure that they would take, but because of Mrs P's personal circumstances they agreed to recall the loan from the DCA, and to set up a plan which was affordable to them. Mrs P brought her complaint to our service.

Our investigator did not uphold Mrs P's complaint. She said from the notes she could see, NatWest had been trying to contact Mrs P to come to a resolution. She said the debt consisted of a personal loan and a current account, and that NatWest had treated Mrs P fairly.

Mrs P asked for an ombudsman to review her complaint. She made a number of points. In summary, she sent us a statement dated 18 September 2023, which stated she had been charged 12.27% interest, and an outstanding balance of £25,522.15, despite the loan she took out was for £24,000 back in 2010. They said NatWest had not been in touch with them to make an arrangement.

## **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.

Mrs P has made a number of points to this service, and I've considered and read everything she's said and sent us – including her personal circumstances since taking out the loan and now. I won't address these in detail in this decision to help protect her identity, but I can assure her I've read everything she has said. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of her complaint in deciding what's fair and reasonable here.

I must be clear that I'm only able to look into the actions of NatWest as part of this complaint,

and not any other companies involved such as any DCA that the loan has been held by at various times. Mrs P may be able to make a complaint to any DCA if she feels those companies have let her down. She would need to contact them directly to raise any complaints she has with them.

I want to be clear to Mrs P that I am restricted to what I can look at here as part of the current complaint she brought to our service. The crux of her complaint is that she can't afford her current repayments and she wants NatWest to write off the loan balance, and this is what I've looked into. But I'm also aware she has since brought questions relating to other things since she took out the loan, which I may not be able to answer as this either wasn't part of her original complaint or the events happened more than six years before she brought her complaint to NatWest.

I do have a historic statement for the loan. This starts from 28 February 2013, but as part of this complaint about her current repayments being unaffordable, I would be unable to ask NatWest to go back further than this. So I'm unable to give Mrs P a definitive answer as to why the outstanding balance is more than the original loan amount. The statement shows that the last time interest was added to this account was 30 April 2013. The outstanding balance at this time was £26,432.

I know Mrs P has concerns that the repayments she has made have not reduced the outstanding balance, but the historic statement shows 18 payments of £15 between 1 August 2013-31 December 2014. Then from 17 June 2021-20 September 2022 there are 16 payments of £40. There is a running total outstanding balance and I'm satisfied that this has reduced when Mrs P has made a payment.

So despite the letter that Mrs P has recently received from NatWest saying the interest charged was 12.27%, I can't see any interest being added. When the last payment was made on 20 September 2022, the outstanding balance was shown as £25,522.15. This is the exact same balance as the statement dated 18 September 2023 – so I want to reassure Mrs P that no interest had been added despite the statement she received showing 12.27%.

When customers are in financial difficulty, we would expect the lender to show forbearance to a customer and look at their personal circumstances to see how they can assist them. But this does not mean we would automatically expect them to write off an outstanding loan balance – after all, Mrs P had been paid these funds by NatWest, so they are entitled to have this money repaid to them. But we would expect any repayment plan to be affordable for a customer and we would expect a lender to have alternative options in place if a customer's circumstances change during any arrangement.

While NatWest have provided us the general loan terms and section nine shows they can transfer the debt, when Mrs P made this complaint, they agreed to take the loan back from the DCA. I'm satisfied that this is the fairest thing for them to do based on Mrs P's current circumstances.

I can also see that NatWest wrote to Mrs P on 14 January 2023. This letter is from their financial health and support team, and the letter asks for her to call them. So Mrs P may want to ring NatWest directly to see what arrangement they can come to. NatWest should be mindful of Mrs P's circumstances and only arrange a repayment plan based on her affordability. Based on Mrs P's financial circumstances, she may not have the affordability to make any repayments currently, and NatWest should be mindful about this. But it follows I don't require NatWest to do anything further as part of this complaint.

**My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 27 November 2023.

Gregory Sloanes  
**Ombudsman**