

## **The complaint**

Mrs Z complains National Westminster Bank Plc defaulted her accounts without her permission and didn't provide her with help before doing so.

## **What happened**

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my decision.

I'm aware Mrs Z has raised concerns about NatWest approving her loans, a credit card, and an overdraft. But these were raised with NatWest separately and after this case came to our service. So, my decision will only be commenting on NatWest's decision to default her loan and credit card accounts, and the support they provided before doing so.

I issued my provisional decision on 4 December 2023. I explained that while I considered NatWest hadn't treated Mrs Z unfairly by defaulting her accounts, I had noticed they weren't reporting the correct default dates to credit reference agencies. As such, I said NatWest should correct the information they were reporting.

Mrs Z and NatWest had until 3 January 2024 to send me any further points and/or evidence they wanted me to consider. NatWest accepted my provisional decision, but we didn't receive a response from Mrs Z. Therefore, my decision has remained the same.

## **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.

Having considered everything, I'm upholding Mrs Z's complaint – albeit not as she hoped. My reasoning is detailed below:

- Having reviewed our file, I can see Mrs Z has been very open with us and NatWest about her health and personal circumstances. I appreciate this can be a very difficult thing to speak about and navigate, so I wanted to thank her for being so frank with us. All parties agree Mrs Z has been going through a difficult time, and given the debts she had with NatWest, we would have expected them to put support in place. So, I was pleased to see that Mrs Z's accounts were being managed by NatWest's specialist support team (SST), and this team was her main point of contact whenever she needed to discuss her accounts.

- The evidence I've seen suggest Mrs Z was starting to struggle with her accounts around the summer of 2020. And in early 2021, she was proactively trying to work with NatWest to manage them. I can see that throughout 2021, Mrs Z spoke with NatWest's SST to discuss her circumstances, complete income and expenditures, and set up arrangement plans. In those conversations, I can also see Mrs Z was signposted to other organisations who may be able to help. Despite this support, there were also a few occasions when the repayments were broken as Mrs Z was continuing to struggle with her circumstances. While I'm sorry to see Mrs Z struggled to manage her accounts for some time, I do consider NatWest provided the level of support I'd expect.
- In late December 2021, Mrs Z called the SST and explained she needed help managing her loan and credit card accounts. During this call Mrs Z went through her income and expenditure with NatWest's adviser, and it was explained to her that her disposable income after priority bills, was around £500 per month. This was less than her monthly repayments towards her loans and credit card, so a reduced payment plan could be put in place for her. The adviser also explained that to put this plan place, they would need to default her accounts as this would result in interest and charges no longer being applied. At first Mrs Z said she wasn't sure if she wanted her accounts to be defaulted, and in response to this NatWest's adviser said Mrs Z could take some time to seek advice on whether she wanted to proceed with the default and payment plan. But after some thought, Mrs Z said she agreed for her accounts to be defaulted as she wanted them sorted, and a default would mean she couldn't get into further financial difficulties because she wouldn't be able to get credit elsewhere. But while Mrs Z was fine for her loans and credit card to be defaulted, she explained she didn't want that to happen to her overdraft.
- Having listened to this call, I'm satisfied NatWest clearly explained to Mrs Z that her loan and credit card accounts would be defaulted, and the reasons why. The adviser also explained Mrs Z would receive letters to explain the same, and although they will be strongly worded, it was nothing to worry about – it's just because the wording can't be changed. I consider NatWest's adviser was incredibly thorough and professional during this call. In addition to this, she answered many of Mrs Z's questions that weren't directly related to the loans and credit card account; and did so in a manner that resulted in Mrs Z thanking her for the care and time she'd taken. So, Mrs Z was appreciative of this care and effort at the time.
- As mentioned above, I'm satisfied NatWest told Mrs Z her accounts would be defaulted, and she agreed for this happen. However, I should add that NatWest didn't require Mrs Z's permission to default her accounts. The Information Commissioner's Office (ICO) has given guidance to businesses like NatWest regarding the timeframes in which an account might be defaulted. This guidance suggests a business should consider if an account should be defaulted if there are around three months of arrears - but should normally be defaulted before the account is six months in arrears. Having reviewed Mrs Z's accounts, I'm satisfied NatWest acted in line with this guidance. I understand defaults can have a negative impact on a consumer's credit score. However, they can be a positive as they prevent further interest and charges accruing on outstanding debt. Given Mrs Z's circumstances and the amount she owed, I consider defaulting her accounts was the right thing to do.

- While I agree with our Investigator that NatWest acted reasonably when defaulting Mrs Z's accounts, my investigations have identified discrepancies in the information that's being reported to credit reference agencies (CRAs). The evidence I've seen shows that different default dates are being reported for each of the accounts. This isn't correct given the decision to default them was made on the same day. I've seen evidence that shows Mrs Z was sent formal notices of default for her accounts that were due to expire in early February 2022. Therefore, all three of her accounts should be reported as defaulted from around that time. NatWest has acknowledged their mistake and offered to correct the dates they're reporting. To put things right, NatWest should amend the information they're reporting to CRAs so that it reflects the fact Mrs Z's accounts were defaulted on 12 February 2022.

I know this isn't the outcome Mrs Z hoped for. But for the reasons above, I'm upholding her complaint.

### **My final decision**

My final decision is that I'm upholding Mrs Z's complaint about National Westminster Bank Plc.

To put things right, National Westminster Bank Plc needs to amend the default dates they're reporting to CRAs for Mrs Z's loans and credit card. The default date should be changed to 12 February 2022 for all three accounts.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Z to accept or reject my decision before 6 February 2024.

Sarrah Turay  
**Ombudsman**