

The complaint

Miss I complains that National Westminster Bank Plc didn't advise her sufficiently about the long-term impact on her credit file when it agreed to provide her with a payment break when she was unemployed

What happened

Miss I has a mortgage with NatWest. Miss I lost her job in March 2022 and contacted NatWest in July to discuss a payment break as her savings were running out. NatWest advised her that she had the option of a three-month break from making her contractual monthly payments ("CMP"), and this would show on her credit file. Miss I says that the bank told her that her credit file would only be affected by the three months of the arrangement, so she proceeded with it. Miss I found new employment in October 2022, and she contacted the bank to update them at which point she learned that her credit file would be affected beyond the initial three months and would be affected until the arrears were cleared which could be a long period if she had an extended repayment plan. NatWest didn't uphold this complaint as it felt that its adviser had given Miss I fair warning of the impact on her credit file.

Our investigator didn't recommend that this complaint should be upheld as he felt that the NatWest adviser had alerted Miss I to the impact that the missed payments would have on her credit file. Miss I disagrees saying in summary that it wasn't reasonable to expect her to understand that her credit file would continue to be impacted once her payments recommenced in November 2022.

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.

Miss I says that had she been made fully aware of the long-term impact on her credit file of the three-month payment break that she wouldn't have agreed to it and borrowed money from her family. Miss I feels very stressed by this impact and when applying for car finance for a car necessary for her work was concerned that this would be refused, and she might lose her job.

NatWest should deal sympathetically with a customer in financial difficulties. I listened to the phone call in July that Miss I had with two advisers from NatWest from their collections and forbearance teams and my view was that her application for a payment break was done efficiently and sympathetically. At that stage Miss I had lost her job a few months previously, was on Universal credit with, as she said, dwindling savings and had no immediate job offers, which would have been very dispiriting. It was important to her to have this breathing space so that she didn't have the pressure of monthly payments facing her for the next few months and that was achieved.

I formed the view that Miss I knew that after the three-month period there would be arrears on the account and that she would be contacting NatWest about a repayment plan. She was

also aware that for her credit file – because she asked about this – whilst the next three months would show that no CMP was being made - that it would also show that there was an arrangement on the account. I also noted that Miss I didn't mention to the advisers that she could potentially have got parental help to pay the mortgage.

The issue here is the impact on Miss I's credit file of all this. Miss I says she was made aware of how the payment break would appear, but she says that NatWest did not make her aware of the longer-term impact. NatWest provides information to a number of well-known Credit Reference Agencies on the performance of a customer's account who record that information and indeed provide credit scores. The NatWest advisers both told Miss I that the payment break would have a negative impact on her credit file and the second adviser responded to some questions from Miss I about how the missed payments and arrangement would appear on it. Neither was given the opportunity to respond to what the long-term effects on her credit file would be – because they weren't asked it and whether it was better for her credit file if Miss I got financial assistance for her parents – because Miss I didn't indicate that this might be available.

I do understand Miss I's concern that the payment holiday isn't the end of the matter and that she will have to deal with the effect on her credit file into the future. But I didn't hear the advisers minimise the impact on her credit file. I believe they should fairly warn the customer of a negative impact and respond to any questions as far as they can. Both advisers did that. I'm also mindful that NatWest isn't a credit reference agency, and the advisers aren't there as experts on how to protect and perfect a credit file. In this case their role was to decide what assistance they can give Miss I in her financial difficulties and incidentally to warn her that this forbearance by NatWest will have an impact on her credit file.

I consider that the NatWest advisers provided sufficient information to Miss I about the impact on her credit file. Miss I knew that there would be arrears at the end on the arrangement and that the arrangement would have a negative impact on her credit file. I don't consider that the advisers were required to go further. So, I can't fairly say that NatWest has done anything wrong, and I don't uphold this complaint.

My final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss I to accept or reject my decision before 13 November 2023.

Gerard McManus
Ombudsman