

The complaint

Mrs B complains that National Westminster Bank Plc (“NWB”) recorded a default on her credit file.

What happened

Mrs B holds an account with NWB. In July 2018 she applied for a loan of £49,400 repayable over a term of 84 months.

In 2022 the account fell into arrears and was referred to the bank’s debt management team. NWB issued a default notice on 7 November 2022.

Mrs B raised a complaint with NWB in November 2022. The arrears were reduced by £1000 in November and a complaint hold and response was issued in December 2022.

Mrs B made further payments to reduce the arrears. However, further payments were missed and the default notice was re-issued on 14 February 2023. A formal demand was issued on 20 March 2023.

Following this, a complaint hold was placed on the account. NWB sent a final response letter on 5 June 2023 in which it didn’t uphold the complaint. The account was later sent to a third-party debt recovery agency.

Mrs B remained unhappy, so she brought her complaint to this service. She said she’d been assured when she spoke to an NWB agent on 7 June 2023 that the default wouldn’t be applied to her account for the next 5 days. However, the hold wasn’t implemented. Mrs B wants the default removed from her credit file.

Our investigator upheld the complaint. They said that whilst they considered that the default was appropriate, they thought that the information provided to Mrs B during multiple calls in the first week of June 2023 was contradictory and misleading. The investigator said NWB should pay compensation of £150 to Mrs B in recognition of this.

Mrs B didn’t agree. She said she felt that the investigator had focussed on an issue which was different to the one she was complaining about. She said that her main complaint was that an agent of NWB agreed to do something and failed to do it. Mrs B felt that NWB should take responsibility for this and said she’d been prevented from paying off the loan, with the consequence being that the default was recorded on her credit file.

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 understand why Mrs B wants the default removed. She’s explained that the default carries serious consequences for her future employment. I also understand that Mrs B has had some difficult family circumstances in recent years and I’m sorry to hear about that. Having said that, I agree with the investigator that the default has been correctly reported. I’ll explain

why.

I've reviewed the history of the loan account. I can see that the account fell into significant arrears in August 2022. Mrs B advised NWB that she would make an arrears payment in full, but this didn't happen and as a result the first default notice was sent on 7 November 2022. The second default notice was sent on 14 February 2023. The formal demand was sent on 20 March 2023. I can see that NWB then agreed a hold so that the account didn't pass to recoveries. Following this, a complaint hold was placed on the account whilst Mrs B's complaint was investigated. Once the final response was issued on the complaint, the account was passed to recoveries.

Based on what I've seen, I think that NWB took appropriate action in relation to the loan account. The account had a history of missed repayments and I'm satisfied that the default notices were correctly issued.

Lenders are under an obligation to report accurate information to the credit reference agencies. I haven't seen any evidence to suggest that the reporting of the default by NWB is an inaccurate reflection on the status of the loan.

Mrs B has said that the default should be removed because she was given assurances by a NWB agent during a call in June 2023 that her account would be placed on hold for 5 days to give her the opportunity to pay the loan balance in full.

I've listened to the calls. I agree that Mrs B offered to repay the loan in full in order to avoid further action. I also agree that during one call, an agent informed Mrs B that a 5 day hold on her account would be implemented.

I understand why Mrs B feels aggrieved here. The advice given to her in the calls that she made to the bank during the first week of June 2023 was confusing and conflicting. Further, the information given with regards to the impact of the default was inaccurate.

However, whilst I have no difficulty in finding that the bank should pay compensation to Mrs B in respect of the conflicting advice, I'm unable to agree with Mrs B that this warrants the removal of the default. The default was correctly applied prior to these calls. So, irrespective of whether the 5 day hold had been implemented, the default had already impacted on Mrs B.

Taking everything into account, and whilst I appreciate that this isn't the outcome that Mrs B had hoped for, I'm unable to ask NWB to remove the default.

It's clear that Mrs B has been caused trouble and upset as a result of the conflicting advice and in this respect, I agree with the investigator that compensation of £150 is fair.

Putting things right

To put things right, National Westminster Bank Plc must pay compensation of £150 to Mrs B for the trouble and upset caused by the conflicting advice.

My final decision

My final decision is that I uphold the complaint. National Westminster Bank Plc must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 30 January 2024.

Emma Davy
Ombudsman