

## **The complaint**

Mr C complains about the handling of debt recovery by National Westminster Bank Plc (NatWest) in relation to an amount owed under a personal guarantee.

## **What happened**

The following is intended only as a brief summary of events. Mr C was director of a limited company and provided a personal guarantee to secure lending for that company from NatWest. Unfortunately, as a result of the COVID-19 pandemic, Mr C's company was unsuccessful and ceased trading.

NatWest wrote to Mr C in June 2022 with a formal demand for payment of the company's debts under the guarantee. Mr C called NatWest to discuss this, and as he was not working at that point, NatWest agreed to delay any recovery action until the end of July 2022. Some time after this call, a third party (M) acting for NatWest contacted Mr C to make arrangements for repayment of the debt.

Mr C complained that the debt had been passed to M for action, and that he was no longer communicating with NatWest. He also said that he had been led to believe he would receive further contact from NatWest after the end of July 2022 before any further action took place. NatWest did not agree that it had done anything inappropriate, so Mr C brought his complaint to the Ombudsman Service.

However, our Investigator did not recommend the complaint be upheld either. She felt that NatWest had acted in accordance with both the terms of the guarantee and the information it had provided Mr C in June 2022.

Having listened to a recording of the call from June 2022, Mr C remained unsatisfied and made a number of comments. These included that the explanation provided had not been clear, and that NatWest could have taken different action but chose to take the action it did without his request for this.

As the Investigator has been unable to resolve the complaint, it has been passed to me for a 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.

Having done so, I am not upholding this complaint. I'll explain why.

It isn't disputed that the personal guarantee or the debt secured under it exists. And, seemingly, it isn't disputed that NatWest is able to take action to recover the debt. This might include "selling the debt" to a third party for them to recover. And such action would be permissible generally and specifically under the loan agreement/guarantee (which says, "The Bank may allow any person to take over any of its rights and duties under this

agreement or the guarantee".)

However, I would point out that it does not seem NatWest has actually sold this debt at all. The debt remains payable to NatWest. My understanding is that M's involvement is effectively to support NatWest in this recovery action, not for M to take ownership of the debt. M are only acting as a debt collection agency for the bank. Given this, it is unclear what detriment there is from NatWest's actions.

Having listened to the recording of the June 2022 call, I am unable to agree that NatWest was unclear about what would happen next either. I think the explanation provided was clear about the next steps. I do appreciate Mr C's comments about whether the call handler could have investigated a repayment plan at that time. But given Mr C was not working but hoped to see changes to this shortly, I consider suggesting a delay to the recovery action was appropriate. I also note Mr C's response at the time was positive, saying the delay would do him a favour. Additionally, as interest was not accruing on the debt, it is unclear that there has been any detriment to this anyway.

In terms of NatWest's actions surrounding the call in June 2022 and the decision to involve M, I do not consider NatWest has acted inappropriately.

One thing I would say is that it is not clear to me why there was a delay between the end of July 2022 and further recovery action taking place from February 2023. I can appreciate that after hearing nothing for some time on this matter, it may have come as a surprise to receive communication from M. However, the debt does remain outstanding and, given Mr C has had the benefit of this money for this period of apparent delay – without interest accruing, I do not consider any detriment was caused by this delay that means it would be fair or reasonable to uphold this complaint.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 22 March 2024.

Sam Thomas  
**Ombudsman**