

The complaint

Miss D is unhappy with several aspects of the service that she's received from National Westminster Bank Plc ("NatWest")

Summary of Miss D's NatWest accounts up until December 2022

Miss D is a long-time account holder with NatWest on both a personal and professional basis. Regarding her NatWest business accounts, Miss D held a business current account ("BCA") which had an overdraft facility, and she also held a business term loan ("BTL"), taken in 2013, as well as Bounce Back Loan ("BBL"), taken in 2020.

In 2021, Miss D began to have trouble meeting her contractual monthly payment obligations on the BTL. Specifically, the October and November 2021 payments were initially returned unpaid, but the accrued account arrears were quickly paid by Miss D. The December 2021 payment was also returned unpaid, but these arrears were cleared by Miss D in February 2022. However, the monthly payments for the next nine months – March through November 2022 – were all returned unpaid, with the accrued arrears not being cleared by Miss D. This meant that in November 2022, the BTL was nine months in arrears.

Regarding Miss D's BBL, the contractual monthly payments were made by Miss D from June 2021, when they commenced, until May 2022. However, no payments were received towards the loan in June, July, October, and November 2022, meaning that the BBL fell into arrears at that time.

In December 2022, Miss D arranged a six-month Pay-As-You-Grow ("PAYG") payment deferral holiday with NatWest. The PAYG holiday agreement included that when Miss D resumed making BBL payments, which would be from July 2023 onwards, that her monthly payments would increase to include the cost of spreading her missed payments and accrued interest over the remaining term of the BBL. Because of this agreed restructuring, Miss D's BBL wasn't considered to be in arrears after she reached the restructuring agreement with NatWest in December 2022.

Regarding the overdraft facility on Miss D's BCA, NatWest renewed the facility for a further twelve months in December 2021. This meant that the overdraft facility would expire, pending a further review, in December 2022.

Summary of what happened

On 9 May 2022, because of the missed payments and accrued arrears on Miss D's BTL, and the late payments received on her BBL, NatWest made the decision to move Miss D's accounts to the control of its Specialised Business Management ("SBM") Team.

Shortly afterwards, NatWest sent a series of correspondence to Miss D, by email, by text message, and by letter, confirming that payments had been missed on the BTL and asking Miss D to contact NatWest.

On 25 May 2022, Miss D called NatWest but didn't discuss the arrears on her accounts.

Instead, Miss D asked to raise a complaint because NatWest hadn't responded to an email that she'd sent asking NatWest to call her. Miss D was also unhappy that she didn't have a single point of contact with NatWest, such as a relationship manager.

Miss D didn't contact NatWest about her account arrears until 3 August 2022. At that time, Miss D's BTL was five months in arrears, and her BBL two months in arrears. On the 3 August 2022 call, Miss D offered to clear the BTL arrears by 12 September 2022. NatWest asked Miss D to complete an income and expenditure ("I&E") assessment with them, so that they could better understand her financial position and potentially consider forbearance options, but Miss D declined to complete an assessment with them at that time.

Following that call, Miss D missed further payments towards her BTL, which increased the amount of arrears that Miss D needed to repay. NatWest sent letters to Miss D about this in September 2022. And when Miss D didn't honour the promise that she'd made to clear the arrears on her accounts by 12 September 2022, NatWest reassessed their position and considered commencing recoveries actions against Miss D.

In November 2022, dissatisfied with how Miss D was managing her accounts, NatWest sent a letter to Miss D explaining that they would look to close her NatWest accounts in 60 days unless she resolved the position of her accounts or came to an agreement with them. At the same time, NatWest also issued a formal demand for full repayment of the BTL within 28 days, which at that time was nine months in arrears.

Miss D called NatWest in response to these letters on 9 December 2022 and explained that the reason she's fallen into arrears on both loans was because she hadn't been paid by clients. NatWest explained to Miss D that they could consider an arrears repayment plan to avoid the defaulting of her BTL, but that they would need Miss D to complete an I&E assessment with them so that they could get a better understanding of her financial position and consider whether potential forbearance might be appropriate.

Also at that time, NatWest needed to review the overdraft facility on Miss D's BCA for potential renewal, as the existing overdraft facility expired in December 2022. Miss D agreed to complete an I&E assessment form and return it to NatWest, and an I&E assessment form was sent to her by NatWest that same day, 9 December 2022.

However, NatWest didn't receive a completed I&E assessment form back from Miss D. And so, in January 2023, they returned Miss D's accounts to their SBM Team. On 19 January 2023, Miss D contacted NatWest and confirmed that she hadn't yet completed the I&E form but was intending to do so, and she was granted an extension until 30 January 2023 by NatWest. Following this, a partially completed I&E assessment form was provided to NatWest by Miss D on 1 February 2023, with Miss D promising to provide a fully completed assessment shortly thereafter.

But Miss D didn't provide a fully completed I&E assessment to NatWest after 1 February 2023. And NatWest's notes recorded that Miss D didn't answer a phone call that NatWest made to her on 6 February 2023. As such, on 24 February 2023, dissatisfied with the position of Miss D's accounts and her lack of meaningful engagement with them, NatWest sent formal demands to Miss D for full and immediate repayment of her BTL and BBL.

Following the issuance of the formal demands, Miss D called NatWest on 6 March 2023 and raised a complaint, as she maintained that she had answered the phone call made to her on 6 February 2023, but NatWest's agent had remained silent and the call had cut off. Miss D was also unhappy that NatWest had issued the formal demands without formally responding to her request for an extension to provide a fully completed I&E expenditure form.

NatWest responded to Miss D's complaint on 17 March 2023 and accepted that the recording of the 6 February 2023 call supported Miss D's version of events. As a result of upholding Miss D's complaint, NatWest agreed to rescind the formal demands issued on the BTL and the BBL and explained that Miss D would need to contact NatWest to come to an arrangement with them regarding the arrears on her accounts or the formal demands would likely be reissued.

NatWest then called Miss D on 28 March 2023 to go through her I&E assessment with her and gather the outstanding information from Miss D that they still required. However, Miss D couldn't provide the remaining information that NatWest were asking from her, despite it now being over three and a half months since NatWest had first requested it from her. NatWest then reiterated to Miss D again, on 1 April 2023, that they required her to provide the outstanding I&E assessment information to them for them to consider potential forbearance options regarding the arrears on her accounts.

Several weeks then passed without Miss D either providing the required information to NatWest or resolving the position of her accounts. NatWest then sent a message to Miss D on 4 May 2023, asking her to call them, and made an outbound call to Miss D on 11 May 2023, at which time Miss D said that she was unavailable to call and asked for a callback on 15 May 2023. But when NatWest called Miss D back on 15 May 2023, as had been requested by Miss D, their call wasn't answered.

NatWest sent further text messages to Miss D on 16 and 17 May 2023, asking her to call them. And on 25 May 2023, NatWest sent a formal demand for full and immediate payment of the overdrawn balance of Miss D's BCA. NatWest have explained that this was because they'd been unable to renew Miss D's overdraft facility on the BCA, having not receiving the required I&E information from Miss D for them to be able to conduct an assessment to their satisfaction to enable such a renewal.

Miss D didn't contact NatWest within the two-week deadline given in the formal demand for her to do so, and she also didn't clear the outstanding unauthorised overdraft balance on her BCA. Because of this, in early June 2023, NatWest defaulted Miss D's BCA. Additionally, because NatWest maintain a cross-default policy, whereby if one account held by a customer is defaulted all other accounts held by that customer are also defaulted, NatWest defaulted Miss D's BTL and BBL as well. NatWest then passed all of Miss D's outstanding debts to a third-party debt recovery agency ("DCA") to commence collections and recoveries activities on their behalf.

Miss D wasn't happy about how NatWest had administered her accounts and said that she hadn't received the 25 May 2023 formal demand that NatWest had issued. And Miss D also wasn't happy that NatWest had transferred her business account debts to a DCA. So, she raised a complaint.

NatWest responded to Miss D but didn't feel they'd acted unfairly or unreasonably in how they'd administered her accounts. However, NatWest did acknowledge that Miss D had encountered some service issues during her interactions with NatWest, including that on one occasion she'd had a call to NatWest which had taken much longer than it should have, and that on another occasion she hadn't received statements from NatWest that she'd requested. NatWest apologised to Miss D for these service issues and paid £50 and £150 compensation respectively because of what happened. Miss D wasn't satisfied with NatWest's response, so she referred her complaint to this service.

One of our investigators looked at this complaint. But they didn't feel NatWest had acted unfairly in how they'd managed Miss D's accounts. And they felt the apology and compensation NatWest had provided to Miss D for the service issues she'd experienced

already represented a fair outcome to that aspect of Miss D's complaint. Miss D remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

Miss D has provided several detailed submissions to this service regarding her complaint. I'd like to thank Miss D for these submissions, and I hope that she doesn't consider it a discourtesy that I won't be responding in similar detail here. Instead, I've focussed on what I consider to be the key aspects of this complaint, in line with this service's role as an informal dispute resolution service.

This means that if Miss D notes that I haven't addressed a specific point that she's raised, it shouldn't be taken from this that I haven't considered that point – I can confirm that I've read and considered all the submissions provided by both Miss D and NatWest. Rather, it should be taken that I have considered that point but that I don't feel it necessary to address it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.

Having considered all the relevant information and evidence provided to this service by both Miss D and NatWest, I won't be upholding this complaint. This is because I'm satisfied, as per the detailed description of what happened which I've provided above, that NatWest made extended and concerted efforts to reasonably engage with Miss D about the position of her accounts, and that Miss D did not correspondingly reasonably engage with NatWest.

I also don't accept Miss D's contention that the I&E information that NatWest were requesting from Miss D was unreasonable or excessive and I feel that it was for Miss D to comply with NatWest's requirements in this regard – or else to resolve the arrears present on her accounts if she was unwilling to.

I'm also satisfied that it was fair and reasonable for NatWest to not be willing to renew the overdraft facility on Miss D's BCA, in the absence of Miss D providing them with the I&E information that they required to conduct a renewal review. And because of this, I feel that Miss D's BCA did fall into a position of being in an unauthorised overdraft, such that the issuance of the formal demand by NatWest to Miss D in May 2023 was fair.

Miss D has said that she didn't receive the formal demand that NatWest posted to her. But I'm satisfied that NatWest did post the formal demand to Miss D at her correct address. And if Miss D didn't receive that formal demand, then this isn't something I'd consider holding NatWest accountable for, given that the delivery of correctly addressed mail is undertaken by a postal service over which NatWest have no direct control.

Furthermore, I feel that it's evident that Miss D was aware that NatWest were concerned about the position of her accounts and that NatWest wanted to speak with her, and that NatWest required the outstanding I&E information from Miss D. And I feel it was Miss D's responsibility to have understood the position of her accounts and the growing significance of NatWest's concerns and to have engaged with NatWest about these matters.

Conversely, I don't feel that it was reasonable for Miss D, in the understanding of NatWest's concerns and requirements, to not have contacted NatWest and meaningfully engaged with them. And because of this I feel that if Miss D wasn't aware of the issuance of the formal demand – which ultimately led to what I consider to be the fair defaulting of her accounts – then I feel that it's Miss D herself that should bear the full accountability for this.

Ultimately, I'm satisfied that NatWest gave Miss D a series of opportunities over a prolonged period to meaningfully engage with them and potentially avoid the defaulting of her accounts. But Miss D didn't meaningfully engage with NatWest during the several months that I feel she could and reasonably should have done so. Accordingly, I feel that the issuance of the formal demand and the subsequent defaulting Miss D's accounts by NatWest was fair.

Miss D is unhappy that NatWest cross-defaulted her accounts, and she specifically notes that her BBL wasn't considered to be in arrears at that time, following the restructuring of that loan that she'd previously agreed with NatWest. But it isn't uncommon for a bank to be hold a cross-default policy whereby they're unwilling to continue to provide banking services to a customer who has defaulted on an account, and a bank's right to cross-default is generally included within their terms and conditions.

Finally, Miss D is also unhappy that NatWest passed her defaulted account debts to a DCA without her permission. But NatWest's right to pass defaulted debt to a DCA is included in the terms of the accounts themselves – which Miss D agreed to when opening the accounts. For instance, NatWest's right to transfer Miss D's BBL debt is specified in the BBL agreement. And NatWest didn't require any further consent beyond that which Miss D had already given when accepting the terms of her accounts to act as they did in this regard.

I realise this won't be the outcome that Miss D was wanting, but it follows from all the above that I won't be upholding this complaint or instructing NatWest to take any further or alternative action here. In short, this is because I don't feel that NatWest have acted unfairly as Miss D contends. I hope that Miss D will understand, given what I've explained, why I've made the final decision that I have.

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 Miss D to accept or reject my decision before 27 September 2024.

Paul Cooper
Ombudsman