

The complaint

Mr B, a sole trader, is unhappy that The Royal Bank of Scotland Plc ("RBS") won't renew the overdraft on his business current account at the level it had been previously.

What happened

Mr B had an overdraft facility of £25,000 on his RBS business current account. The overdraft facility expired in November 2021, and Mr B wanted RBS to renew the £25,000 facility for a further term. But after a review, RBS only offered Mr B a renewed overdraft facility of £4,500. Mr B wasn't happy about this, so he raised a complaint.

RBS responded to Mr B and offered an increased overdraft facility of £10,000. Mr B wasn't satisfied with RBS's response, so he referred his complaint to this service. One of our investigators looked at this complaint. But they felt that was for RBS to offer the overdraft facility they felt comfortable offering, and so didn't uphold the complaint. Mr B 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.

It must be noted immediately that an overdraft facility isn't a 'right' that an account holder has. Ultimately, it's at the discretion of the business being asked to provide the overdraft whether they will agree to do so or not.

In this instance, RBS have explained to Mr B that upon review, they don't feel that Mr B's business financial projections and income and expenditure assessment merit an overdraft of more than £10,000 at this time.

I'm satisfied that this is a commercial decision that its entirely at RBS's discretion to make. And this service wouldn't consider instructing a business such as RBS to provide a line of credit to a customer which the business isn't itself willing to provide.

All of which means that I don't feel that RBS have treated Mr B unfairly as he contends here, and it follows from this that I won't be upholding this complaint or instructing RBS to take any further or alternative action. This is because I feel that RBS have made a reasonable commercial decision about the size of the overdraft facility they're presently willing to provide to Mr B, and that this is a decision that RBS are fairly entitled to make.

I realise this won't be the outcome Mr B was wanting. But I trust that he'll 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 B to accept or

reject my decision before 22 December 2023.

Paul Cooper
Ombudsman