

The complaint

Mr N complains that National Westminster Bank Plc returned a direct debit unpaid despite him paying funds into his account. He believes this resulted in money going missing.

What happened

Mr N's motor insurance premium was due to be taken from his NatWest account on 25 October 2023. The account had a £750 arranged overdraft limit and he said that when he checked it on 25 October 2023 it showed as being around £1,200 overdrawn.

He decided to pay in around £460 to bring the account below its arranged overdraft limit. He said that when he checked his account the next day, it was around £300 overdrawn, leading him to think the direct debit had been successful and his insurance premium had been paid.

However, the direct debit had been returned unpaid and his insurance was cancelled. Mr N queried this with NatWest but wasn't satisfied with its answer. He said that when adding up the income and outgoings, £450 more had credited the account than had debited it over the period in question. Because of this, he believed the direct debit should have been paid. As a result, he suspected NatWest had been dishonest.

Mr N approached our service. He said he'd complained to NatWest but was unhappy as he hadn't received a response. Our Service requested and forwarded NatWest's final response to Mr N.

The response said the direct debit due on 25 October 2023 for around £430 was returned unpaid. It said this was because Mr N had insufficient funds in his account. It said that although he credited £460, this was done at 4:30pm – two hours after the 2:30pm cut-off time. The response confirmed the credit was used to repay some of the overdraft and that no funds were missing from the account's balance.

Mr N wasn't happy with this and asked our Service to look into his complaint. He said he didn't think NatWest had taken him seriously as, when he had tried to get a copy of the final response letter, NatWest had told him it was still looking into his complaint – though it had been able to pass the response to our Service. He reiterated his belief that £450 had disappeared from his account, stemming from the unpaid direct debit. He believed NatWest was responsible.

Our Investigator didn't uphold the complaint. She agreed with NatWest that Mr N didn't have sufficient funds in his account by the 2:30pm cut-off on 25 October 2023. She cited information from NatWest's website. The site detailed the 2:30pm cut-off time and explained what a customer should do if they didn't have enough money in their account to meet a direct debit.

The Investigator said she'd reviewed Mr N's statements and didn't think the money he'd paid in on 25 October 2023 had gone missing. She explained his statements showed that he was around £750 overdrawn when he credited the £460 to his account, and this reduced his overdrawn balance to around £290 – a difference of £460. This led her to accept what

NatWest said about his payment being used to repay some of the overdraft.

Our Investigator gave Mr N an overview of NatWest's direct debit collection process and how it affected the circumstances of his complaint. She added that it was Mr N's responsibility to make alternative arrangements with his insurer so that the payment was made on time.

The Investigator also addressed Mr N's unhappiness at having not received NatWest's final response when it was originally sent. She didn't think there had been any delays by NatWest in responding to his concerns so couldn't find that it had done anything wrong.

Mr N disagreed. He repeated that the account was £1,200 overdrawn when the direct debit was refused. He said that when he credited the account it reduced his overdrawn balance to £750. He said the following day his overdrawn balance reduced again, this time to £300 overdrawn.

Mr N said NatWest was able to do this by not showing that his credit had paid off what he believed was an artificial overdraft in its official statements. He asked the Investigator to tally his income and outgoings for herself to prove this.

But the Investigator didn't think this was correct. She hadn't seen any evidence that Mr N's account went overdrawn by £1,200. She said she had looked to see if the money that Mr N had credited was unaccounted for, but having reviewed the statements, she couldn't see that it was.

As no agreement could be reached, the case was passed to me to decide.

Following the Investigator's view, I note Mr N has raised some other concerns about a later transaction on his account. As this was raised after the complaint was brought to us, NatWest hasn't been given an opportunity to consider this issue, so I haven't commented on it in this 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 won't be upholding this complaint. I realise this will be disappointing for Mr N, so I've explained why below.

Both parties accept that at the start of 25 October 2023, Mr N's account didn't have enough available funds to pay the direct debit scheduled for that day. Mr N has said he credited £450 to the account, whilst his statements show the amount was £460. NatWest has said the credit was made at 4:30pm. Mr N said it was at 4pm.

In either case, both parties agree the credit was made after 2:30pm. And, as 2:30pm is the time which NatWest says funds for direct debits must be available in its customers' accounts, I don't think NatWest acted unfairly by declining the direct debit. I say this because it seems the credit was made too late, and this meant Mr N's account contained insufficient funds to cover the amount that was requested.

I also don't agree with Mr N's concerns that NatWest has stolen from him or been dishonest. I'll explain why.

As mentioned, Mr N's account was nearly at its agreed overdraft limit of £750 when the direct debit was requested. He reports seeing his overdrawn balance increase to £1,200,

before returning to around £750 overdrawn at approximately 4pm. This, he believes, is due to the credit he made on 25 October 2023. Mr N has said his account showed as £300 overdrawn the following day.

I've looked at Mr N's statements and I can't see that his overdrawn balance reached £1,200 during the period in question. I've tallied the income and outgoings for the period but haven't identified any missing credits or anomalies which would indicate that a sum of around £450 had been used by NatWest to repay an artificially inflated overdraft.

I've thought carefully about why the £1,200 overdrawn balance wouldn't have shown up on Mr N's statements, but I haven't seen any evidence that persuades me NatWest acted dishonestly. I think if Mr N saw his overdrawn balance increase to £1,200, before returning to £750 overdrawn, a more likely explanation would be that the direct debit was requested but returned unpaid. And, as the direct debit wasn't taken – and Mr N confirms it wasn't – there wouldn't have been cause for it to show on his account's statements.

Mr N's unhappiness about not initially receiving NatWest's final response is a complaint point about complaint handling. This isn't generally something I can award compensation for in isolation. But even if I were able to award compensation on this point, I couldn't fairly say NatWest did anything wrong here. The final response was correctly addressed and instructed Mr N to contact our Service should he remain dissatisfied, which he was able to do.

As already mentioned, Mr N has raised further issues about NatWest which haven't been considered as part of this decision. Should he wish for our service to investigate those issues, he'll first need to complain to NatWest, giving it time to respond.

I hope it provides some reassurance that my independent review of his statements hasn't caused me to think NatWest has stolen from him or has otherwise acted dishonestly. His income and outgoings reflect the confirmed account activity he describes, and so I won't be asking NatWest to do anything in relation to this complaint.

My final decision

My final decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 12 June 2024.

James Akehurst
Ombudsman