

The complaint

Mr B is unhappy National Westminster Bank Plc allowed particular transactions to debit his account when sufficient funds were not available.

What happened

Mr B made a transaction to an online retailer ('A') on 4 January 2023 and the funds he had available to spend reduced. He says on 10 January he thought he'd received a credit from another source because there were further funds available in his account to spend. Because of this, Mr B made additional transactions but when A actually debited his account on 10 January, this left him in excess of his agreed overdraft limit. Mr B says this is irresponsible lending and the situation has left him vulnerable because he couldn't afford his bills and pay for food for three weeks. He wants NatWest to clear his whole overdraft.

NatWest explained Mr B had given permission to make the additional transactions whilst he didn't have sufficient funds and as no bank error had occurred, they didn't uphold his complaint.

Our investigator didn't uphold the complaint. She explained not all retailers take payment immediately after a purchase. Although she acknowledged this caused confusion, she said it would've been for Mr B to check the payment to A had been debited before making additional purchases.

Mr B didn't agree. He said the unarranged overdraft was unaffordable and he was placed in a vulnerable position. Because Mr B didn't agree, the complaint has been passed to me to consider.

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.

Mr B authorised a payment to A on 4 January. And it seems both Mr B and NatWest are in agreement that this transaction initially reduced the funds Mr B had available to spend in his account. However, NatWest have said that because A didn't process the payment until 10 January, the funds would have shown as available again in the meantime.

Having looked at the current account statements, once the transaction to A debited the account on 10 January it left Mr B with a debit balance of £1,059 so he was still within his overdraft limit of £1,250. However, there were other transactions which debited on 11 January which seem to have been authorised on 9 and 10 January and this took his account over the agreed overdraft limit.

I appreciate the account balance may have been confusing for Mr B given that the funds to A were initially earmarked and that he went on to make further transactions because he thought he had more money in his account than he did. But I wouldn't expect NatWest to

earmark the funds to A indefinitely, so I don't think NatWest did anything wrong by not blocking the other transactions.

As the account holder it was Mr B's responsibility to check his account to see whether he had sufficient funds to make the subsequent transactions on 9 and 10 January and whether A had actually debited the amount from his account. Although it is unfortunate that Mr B is in the position that he is, I don't think NatWest did anything wrong in allowing the transactions to take place.

In addition to this, when transactions are presented for payment without sufficient funds, NatWest can treat it as a request for an unarranged overdraft and this is explained within the account terms and conditions. So deciding on whether or not to allow transactions to take place when there aren't sufficient funds in the account is up to NatWest and it is within their commercial discretion.

Mr B says NatWest have lent to him irresponsibly by allowing him to go over his agreed overdraft limit. But taking everything into account I don't think NatWest have done anything wrong in allowing these particular transactions in question to take place.

I realise this must've been a stressful and upsetting experience for Mr B, particularly as he has said it left him in a vulnerable position. NatWest has apologised for the service it provided to him. I think this is fair and reasonable as I'm not persuaded that the service was so poor, or the impact so great that compensation is appropriate.

Mr B has raised concerns about his overall financial situation and that he's been in his overdraft for a long period of time. I would urge him to contact NatWest to discuss his financial situation and the support they may be able to provide. He may also find it useful to seek advice from one of the free independent money charities.

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 B to accept or reject my decision before 7 September 2023.

Marie Camenzuli
Ombudsman