

The complaint

Mr M complains that when he switched his account to National Westminster Bank Plc his overdraft wasn't transferred.

What happened

In February 2022, Mr M switched his account to NatWest. His previous account had a £100 overdraft facility, but this wasn't set up on his new account. Mr M says NatWest refused to provide the overdraft and said he could apply after a year. Mr M says he applied a couple of times online but wasn't accepted due to his credit rating. He says his credit rating was low as he had moved and there was an issue with him being put on the electoral register which wasn't his fault. He says he has been charged interest for going overdrawn for a short period which was what he was trying to avoid. He says the switching process was stressful due to issues with his identification documents and he received £150 because of this.

NatWest issued a final response letter dated 11 April 2023, saying that the adviser would liaise with the overdrafts team to request if Mr M's £100 overdraft could be reinstated and noting that Mr M had already received £150 compensation in February 2022 for the issues experienced at that time. It then sent a further letter dated 12 April saying it had reviewed Mr M's complaint and that when a customer switches an account lending such as an overdraft isn't transferred. It noted the comment Mr M had made about the electoral roll data adversely affecting his credit score but said he would need to make a new application for an overdraft.

Mr M wasn't satisfied with this response and he referred his complaint to this service.

Our investigator didn't uphold this complaint. He found that NatWest had undertaken checks and based on these it made an informed decision not to provide Mr M with an overdraft. He noted that Mr M had expected the switching process to result in a like for like switch and as such had expected the overdraft to be provided but he found that the information about the switching service set out that he would need to agree any overdraft facilities with a new bank prior to switching. Based on this our investigator thought that NatWest had followed the switch service and applied the relevant terms in response to Mr M's overdraft request. He noted the distress and inconvenience Mr M had experienced and thought the £150 already paid was a reasonable resolution for this.

Mr M didn't accept our investigator's view. He said the compensation previously provided was in response to NatWest not being able to open his account online and referring him to a branch which then referred him back to needing to open the account online. This was resolved but it was very frustrating, and he received £150 because of this. Mr M says when he asked about the overdraft he was called by an adviser who said they would allow a £250 overdraft but the next day he called back to say they had made a mistake and he couldn't allow the overdraft. Mr M said his credit score was now excellent and so his overdraft should be reinstated.

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.

I understand that Mr M is upset that when he switched his account to NatWest he wasn't provided with the same overdraft facility he had on his previous account. But for me to uphold this complaint I would need to be satisfied that NatWest had done something wrong or treated Mr M unfairly.

Mr M has made reference to his disability and the Equality Act. While we take any allegation of discrimination seriously, I should first explain that we are an informal dispute resolution service, meaning we don't have the power to decide whether or not NatWest is in breach of the Equality Act 2010, as only a court has the power to do this. What we can do is take relevant law and regulation into account when deciding what's fair and reasonable in the circumstances of a complaint and I have done this in this decision.

I can see from the information provided that Mr M switched his account in February 2022. I note his comment about the issues he experienced at that time and the compensation he received. This decision is in regard to NatWest not providing him with an overdraft on his new account.

I can understand that as Mr M thought the switch would be like for like he was expecting the same overdraft facility to be provided on his new account. But as has been explained, when switching a bank account, a customer needs to agree any overdraft facilities they require before initiating the switch. I have no evidence that Mr M did this and as NatWest has said its checks didn't support the overdraft being provided, I do not find I can say NatWest did anything wrong by not providing the overdraft with the new account.

Mr M reapplied for an overdraft in March 2023 but his application was declined. NatWest has said that Mr M failed its credit scoring. Mr M has explained his circumstance at the time and that due to no fault of his own he wasn't on the electoral register. I have considered this information, but I would expect NatWest to carry out checks before providing an overdraft and as it did this and these didn't support the overdraft being provided, I do not find I can say it did anything.

I understand the frustration Mr M will have experienced when he discussed his overdraft request in April 2023 with an adviser and he thought this would then be approved. But based on the information provided I can see that the letter dated 11 April said that the adviser would contact the overdrafts team to see if the overdraft could be reinstated and the next day Mr M was told this couldn't happen. I find that NatWest provided a timely response to Mr M's request and while this wasn't the answer he wanted I do not find I can say this means he was treated unfairly.

Taking everything into consideration I do not find that I can say NatWest has done anything wrong by not providing Mr M with the overdraft he has requested. I note Mr M's comments about his credit score now being excellent. On this basis he may wish to submit another application to NatWest for it to assess whether it can provide him with an overdraft facility.

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 M to accept or reject my decision before 13 December 2023.

Jane Archer
Ombudsman