

The complaint

Mrs V complains that National Westminster Bank Plc (“NatWest”) continued to provide her with a £1,600 overdraft which was unaffordable. She says NatWest failed to review her account and continued to charge her despite her account showing signs of financial difficulty.

What happened

Mrs V held an account with a £1,600 overdraft with NatWest.

Mrs V complained to NatWest that the overdraft lending was unaffordable and that the overdraft and charges applied to her account caused her financial difficulty. She says the only way she could pay off the overdraft was by taking out a loan.

NatWest said it couldn’t look at the initial overdraft lending as it took place more than six years ago. NatWest said that it could only investigate Mrs V’s complaint from August 2016. It says Mrs V’s account at no point was managed by its financial health and support team and so there were no signs of financial difficulty and that all charges were applied correctly in line with the terms and conditions of the account.

Mrs V was dis-satisfied with this and brought her complaint to this service. One of our adjudicators looked into Mrs V’s complaint but didn’t think there were any signs of financial difficulty that should’ve prompted NatWest to treat Mrs V differently.

Mrs V disagreed. So the complaint was passed to an ombudsman for a decision.

A jurisdiction decision was issued on 17 May 2023 saying that we could only look at Mrs V’s complaint about the overdraft lending post August 2016. So the focus of the following decision is on the affordability of Mrs V’s overdraft with NatWest from this point until she raised her complaint.

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 considered everything provided, I’ve decided not to uphold Mrs V’s complaint.

Mrs V says that her overdraft was unaffordable and the charges NatWest applied to her account made her financial situation worse and that the only way she could pay off her overdraft was through a loan.

NatWest wouldn’t have acted fairly and reasonably towards Mrs V if it applied any interest, fees and charges to Mrs V’s account in circumstances where it was aware, or it ought fairly and reasonably to have been aware Mrs V was experiencing financial difficulty.

So I’ve considered whether there were instances where NatWest didn’t treat Mrs V fairly and reasonably. I don’t think that NatWest did treat Mrs V unfairly or unreasonably here though. I

say this because NatWest has no record of Mrs V contacting it about having financial difficulties and having looked at Mrs V's statements, I haven't seen enough to suggest for the period being looked at that NatWest ought to have realised she might have been experiencing financial difficulty prior to Mrs V raising her complaint.

Mrs V may argue her regular and long term use of her overdraft was in itself an indication that she was struggling. But although I can see that there were longer periods of time where Mrs V didn't see a credit balance, equally there were long periods of time when she did. And I can also see from the statements the predominant reason she - I think - appeared to be overdrawn was due to payments towards holidays. Indeed, in July 2019 Mrs V transferred £1,750 to another account to pay for a holiday. This was enough to pay off her overdraft in full if she had chosen to do so. I can also see that there are significant amounts of non-committed, non-contractual and discretionary transactions – in particular on retail and leisure spending – though I accept these payments increased in 2019 along with her incoming credits.

There were regular credits into the account and Mrs V was able to bring the overdraft down and often pay it off before once again going on to use her overdraft to make debit card transactions, at times large money transfers and cash withdrawals. I accept this doesn't necessarily mean that Mrs V wasn't experiencing financial difficulty. But there isn't anything in these transactions in themselves which ought to have alerted NatWest to any potential financial difficulty. And although there were longer periods of time where Mrs V didn't see a credit balance Mrs V kept within her limit and when nearing the top of her limit would transfer funds over to service her overdraft. This appears to me to be someone who was very much in control of her finances.

So, in these circumstances I don't think that it was unreasonable for NatWest to proceed with adding the interest, fees and charges it did in light of how Mrs V's account was being used. And so I don't think NatWest treated Mrs V unfairly or unreasonably which means that I do not uphold this complaint.

My final decision

For the reasons I've explained, I do not uphold Mrs V's complaint against National Westminster Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs V to accept or reject my decision before 8 August 2023.

Caroline Davies
Ombudsman