

The complaint

Mr G complains that The Royal Bank of Scotland Plc (RBS) allowed him an overdraft facility that was unaffordable and irresponsible.

What happened

Mr G says he opened the RBS account in late 2018 online and was given an overdraft facility of £750. He says he also applied for a loan but that application was refused. Mr G says he was already in financial difficulties and didn't pay his salary into his RBS account. He says he used the overdraft for gambling and the overdraft increased before it was paid back. Mr G would like the overdraft and or the charges refunded and says no checks were carried out. He also says vulnerable people in his position should be protected.

RBS says the account was opened in November 2018 online and questions if an account can be mis-sold if a customer applied for it in this way. It says the account was credit scored and checked and Mr G declared a salary of £1,400 per month. It also says it declined the loan application.

Mr G brought his complaint to us but our investigator didn't uphold it. The investigator thought Mr G had a salary of about £1,400 and had a duty to provide accurate information and that RBS had carried out checks. The investigator didn't think Mr G had told RBS about any financial difficulties before the overdraft was repaid and thought it the role of the regulator to deal with questions of the practices of lenders generally.

Mr G doesn't accept that view and in summary says RBS didn't carry out appropriate checks on his income that he didn't have any way of repaying the money.

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 have come to a similar overall view as the investigator. I realise Mr G will be disappointed by my decision. And I appreciate the difficult position he is in.

There is no dispute here that Mr G opened the account himself and applied for the overdraft and loan. I can see that Mr G accepts that the income he told RBS about was accurate. I can also see from RBS's records that both applications were credit scored. So I am satisfied that RBS hasn't simply approved the application and did carry out appropriate checks. And I think that on the face of it, the overdraft facility was affordable based on Mr G's income. I don't think RBS could have known that Mr G intended to use the account mainly for gambling or the extent of the level of gambling. And that Mr G didn't intend to pay his salary into this account.

I can see that Mr G 's application for a loan was refused. I think that demonstrates that both applications were looked at by RBS and appropriately assessed. I also think it likely the loan application was refused, as Mr G did not have a previous banking relationship with RBS.

I appreciate that RBS says that the account could not be mis-sold as Mr G applied for it himself. I disagree with RBS and make it clear that an overdraft is a form of lending that ought to be carefully and appropriately assessed. But for the reasons I have explained I'm satisfied it was assessed And I also think that this was an overdraft facility that could be used rather than a loan that would definitely be used. So whilst I have not seen that RBS assessed the applications differently. I think that the lending is different and the same level of assessment may not always be appropriate for both. I have made it clear I don't think RBS could have known what Mr G intended to use the overdraft for.

I also appreciate Mr G says that RBS didn't carry out any checks on his income. I don't think that matters as I think Mr G has confirmed that his declared income was correct .Even if I thought RBS had lent irresponsibly or allowed credit that was unaffordable, then I'm satisfied that Mr G had the benefit of the money. And so I couldn't fairly order RBS to repay the overdraft balance in any event.

Banks and building societies have a duty to treat customers in financial difficulties positively and sympathetically. But I can't see any evidence here that Mr G told RBS about any such difficulties or about any gambling problems. So I don't think RBS acted unfairly in those circumstances or could have done anything to assist Mr G.

Overall I'm satisfied that RBS didn't simply approve Mr G's application for an overdraft without carrying out appropriate checks. I appreciate what Mr G says generally about lending practices and the protection of the vulnerable. And I hope he understands, that is not something I can fairly comment on. But I make it clear that I have taken into account what he has said about the problems gambling has caused him and his family.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 17 June 2020.

David Singh
Ombudsman