

## **The complaint**

Mrs and Mr P have complained that National Westminster Bank Plc (NatWest) continued charging them excessive amounts for their overdrafts when they were in financial difficulty.

## **What happened**

Mrs and Mr P complained to NatWest after Mrs P became redundant in July 2017. She said that despite NatWest being informed of their related financial difficulties it continued to add fees and charges to the account. This meant they couldn't properly clear the overdraft and pay their other bills.

Mrs and Mr P received a first final response on 4 October 2018. I've looked at the jurisdiction of this earlier complaint, which concerns the time period up to 4 October 2018, in a separate jurisdiction decision.

Mrs and Mr P continued to correspond with NatWest and received another final response on 24 January 2020. NatWest didn't uphold this complaint. And as Mrs and Mr P was dissatisfied they referred the complaint here. This was the first time they contacted the Financial Ombudsman. I'm only considering Mrs and Mr P's complaint from 4 October 2018 onwards in this decision.

Mrs and Mr P's complaint was considered by one of our adjudicators. She thought that NatWest ought to have realised that they were experiencing financial difficulty and so shouldn't have added any more interest, fees and charges from 4 October 2018, the earliest point she could consider, onwards.

NatWest agreed and offered to refund the fees and charges applied from 4 October 2018 to the accounts closure in 2019.

Mrs and Mr P didn't agree with this outcome. Mrs P said that she didn't think the offer was fair. This was because, as Mrs and Mr P didn't repay their overdrafts, the compensation would take the form of a reduction in their outstanding overdraft balances. They feel as the fees and charges widely affected their finances they should have this money directly to pay some of their other creditors as well as NatWest.

As no agreement has been reached the complaint has been passed to me, an ombudsman, 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.

NatWest will be familiar with all the rules, regulations and good industry practice we consider when looking at whether a bank treated a customer fairly and reasonably when applying overdraft charges. So, I don't consider it necessary to set all of this out in this decision.

Having carefully considered everything provided, I'm intending to find that NatWest acted unfairly when it continued charging overdraft interest and associated fees after 4 October 2018. By this point, it ought to have been clear that Mrs and Mr P were in no position to sustainably repay what they owed within a reasonable period of time.

This is because Mrs and Mr P had got in contact with NatWest to ask for they were having difficulty with their finances and that the charges being added were making this worse. And they had already made a complaint about this. So, NatWest ought to have offered assistance and treated Mrs and Mr P with forbearance rather than add even more interest, fees and charges to their overdraft.

Mrs and Mr P ended up paying additional interest, fees and charges on their overdraft and this ended up exacerbating the difficulties they already had in trying to clear it. So, I think that NatWest didn't treat Mrs and Mr P fairly and they lost out because of what NatWest did wrong. And this means that it should put things right. I note NatWest doesn't now disagree with this, so I won't comment further.

Mrs P has said that reducing the balance of what they owe isn't a fair way to resolve this complaint. Whilst I understand where she is coming from here, as their accounts weren't in credit over the period I'm looking at, Mrs and Mr P didn't actually pay these charges. They just effectively increased their overdrawn amounts. So, it wouldn't be right to refund these charges directly to them. But it is right that their outstanding balances, on the two overdrafts they have complained about, are reduced by the interest fees and charges, and so I hope the lower amount they will now owe NatWest will be helpful going forward.

### **Putting things right**

Having thought about everything, I think that it would be fair and reasonable in all the circumstances of Mrs and Mr P's complaint for NatWest to put things right by:

- Ensure all of the interest, fees and charges applied to Mrs and Mr P's overdrafts after 4 October 2018 are removed from the outstanding balances of these accounts.
- NatWest should contact Mrs and Mr P to arrange a suitable repayment plan, Mrs and Mr P are encouraged to get in contact with and cooperate with NatWest to reach a suitable agreement.

### **My final decision**

For the reasons I've explained, I'm partly upholding Mrs and Mr P's complaint. National Westminster Bank Plc should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 30 March 2022.

Andy Burlinson  
**Ombudsman**