

The complaint

Ms C complains that National Westminster Bank Plc (NatWest) mistakenly told her that her business overdraft would be automatically renewed.

What happened

Ms C holds two business current accounts with NatWest. In September 2021, NatWest told Ms C that the overdraft on one of the accounts would expire on 1 October 2021 and that another team would shortly be in contact to decide whether the facility could be renewed.

Ms C says she spoke to NatWest at the end of September to be told that her overdraft would renew automatically for a further 12 months and that there was nothing further she needed to do.

In April 2022, Ms C says NatWest sent her a message to say that her overdraft would be removed towards the end of June 2022. Ms C says she thought the overdraft would remain in place until at least September 2022.

NatWest says it doesn't have any record of a call with Ms C at the end of September 2021. NatWest says it wouldn't have agreed to automatically renew the overdraft without additional information. NatWest says its email of September 2021 made it clear that the overdraft was to expire on 1 October 2021.

The investigator didn't recommend that Ms C's complaint be upheld. In summary she said NatWest had checked and couldn't find a record of a telephone conversation with Ms C on 30 September 2021. The investigator thought it was reasonable to assume that if Ms C had spoken with NatWest about the overdraft, NatWest wouldn't have said her overdraft would renew automatically.

Ms C came back with a copy of her mobile phone bill which showed a call of almost 50 minutes to NatWest on 1 October rather than 30 September 2021. Ms C said that the call handler discussed both business accounts and asked her to submit paperwork for one of the accounts to support the overdraft renewal. But for the account which is the subject of this complaint, Ms C said the call handler told her she didn't need to do anything as the overdraft had been automatically renewed.

Ms C also provided statements showing that NatWest continued to provide an overdraft and charged fees and interest. Ms C wants NatWest to compensate her for the loss after she received the wrong information about the overdraft renewal.

The investigator responded to say that her view on Ms C's complaint hadn't changed. The investigator also explained to Ms C that this service was only considering a complaint about the automatic renewal of the overdraft. And that if Ms C was unhappy about NatWest's subsequent refusal to renew her overdraft facility, she'd first need to raise her concerns with NatWest.

I issued a provisional decision on this complaint to Ms C and NatWest on 12 May 2023. I said:

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'm minded to reach a different outcome to the one proposed by the investigator.

NatWest's records indicate that it spoke to Ms C shortly before 2pm on 13 September 2021. Following this conversation, NatWest sent Ms C an email which said that the facility will expire and Ms C's account would be transferred to NatWest's specialised business management team who would then decide whether her overdraft facility could be renewed. So, I think it should've been clear to Ms C at this point that her overdraft was due to expire. Where things are less clear is over what happened next.

Ms C says she spoke to NatWest on 1 October 2021 and was told that her overdraft would be renewed without further input. Ms C took from this call that she didn't need to worry and didn't need to provide additional documentation. NatWest on the other hand says it wouldn't be usual practice to agree to renew an overdraft facility without carrying out an assessment.

I accept that it might have been unusual for NatWest to have told Ms C that her facility would continue without her needing to take further steps. But on the other hand, apart from misremembering the date of the call, Ms C's evidence has been consistent and detailed. She's provided phone records showing a lengthy call to NatWest on 1 October 2021, so I don't have any reason to think the call didn't take place. Ms C says she was asked to provide information about the other business account she held and did so. Again, it seems likely that if NatWest had asked her for similar information on the account she's complaining about – Ms C would've provided it.

Overall, I think it's more likely than not that NatWest told Ms C that her overdraft had automatically renewed when she spoke with it on 1 October 2021.

I appreciate that this information was incorrect and that NatWest wouldn't usually renew a business overdraft facility without carrying out a review. This service can't tell NatWest how to run its business or decide who to lend money to. But I can consider whether NatWest treated Ms C fairly.

I don't have evidence to suggest that NatWest contacted Ms C about her overdraft until April 2022. This was seven months later. During this time, Ms C appears to have been able to use the account in the usual way, so I can't see that she'd have any reason to suspect that the information NatWest gave her on 1 October was incorrect.

Having understood for several months that there wasn't a problem with the account, I think it would've been distressing for Ms C to be told in April 2022 that the overdraft was going to end in a few months' time. Particularly as this would've impacted Ms C's ability to run her business. There was also a level of inconvenience for Ms C when she had to speak to NatWest about the account. For this upset and inconvenience, I consider it reasonable to require NatWest to pay Ms C £200.

As the investigator told Ms C, my decision is about her complaint that NatWest mistakenly told her that the overdraft had been automatically renewed. If Ms C is unhappy that NatWest went on to decline the renewal of the overdraft, she will first need to give the bank the opportunity to respond.

Further submissions

Ms C accepts my provisional decision and NatWest confirms it has nothing further to add.

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.

As Ms C accepts my proposed outcome and NatWest has not asked me to consider any additional evidence or arguments, I consider it reasonable to make my final decision along the same lines as my provisional decision.

Putting things right

National Westminster Bank Plc should pay Ms C £200.

My final decision

My final decision is that I uphold this complaint. In full and final settlement, National Westminster Bank Plc should put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 27 June 2023.

Gemma Bowen
Ombudsman