

The complaint

Miss W complains that The Royal Bank of Scotland Plc (“RBS”) was irresponsible to lend to her.

What happened

Miss W says RBS increased her overdraft limit from £500 to £4,500 in April 2019. She says her income was less than that, so she was continuously living on credit. Miss W says the charges added by RBS made her situation worse. She adds that she was suffering from an undiagnosed mental health condition at the time and her move to London put additional pressure on her finances. Miss W says she asked RBS to freeze further charges, but that it refused. Instead, she says, it offered her personal loans in addition to the overdraft.

RBS says it reviewed Miss W's accounts and was satisfied that she met the eligibility criteria for the overdraft and that the charges had been correctly applied. It refunded an unpaid transaction fee of £2.15 as a gesture of goodwill.

Our investigator did not recommend the complaint should be upheld. He found that Miss W was showing no signs of financial difficulty at the time and, although the overdraft facility attracted charges, he was satisfied these were correctly applied.

Miss W responded to say, in summary, that she wanted an ombudsman to review her complaint and for it to be reviewed alongside her complaint about the loans.

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 need to take into account the relevant rules, guidance and good industry practice.

Bearing this in mind, in coming to a decision on Miss W's case, I have considered the following questions:

- Did RBS complete reasonable and proportionate checks when assessing Miss W's overdraft to satisfy itself that she would be able to repay it in a sustainable way?
 - If not, what would reasonable and proportionate checks have shown?
- Did RBS make a fair lending decision?
- Did RBS act unfairly or unreasonably in some other way?

When Miss W applied for the overdraft facility, I can see RBS considered her income and living expenditure. I'm satisfied those checks were proportionate given what RBS already knew about Miss W's finances from her bank statements. I can also see that RBS had received several requests for overdraft increases in the previous years and not all were approved.

Based on the information it had, I find RBS made a fair lending decision when it agreed to Miss W's £4,500 overdraft facility.

I have also considered what Miss W says about this complaint being taken in the context of her subsequent loans. Although I accept what she says about the loans worsening her financial position, at the time RBS was making its decision about the overdraft, Miss W did not have the loans and so it could not have taken them into account.

Finally, I've looked at the charges applied to Miss W's account. I'm satisfied these were correctly applied and were within the terms and conditions of Miss W's account. Although I can see that, at times, Miss W's savings account more than offset the overdraft in her current account, RBS would have considered the balance of her current account in isolation. I have also seen evidence that RBS contacted Miss W about trying to reduce her overdraft, although I note that she has now managed to pay it off.

In summary, I find RBS made a fair lending decision when it approved Miss W's overdraft facility and did not act unfairly or unreasonably in any other way.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 15 February 2024.

Amanda Williams
Ombudsman