

The complaint

Mr D complains about The Royal Bank of Scotland Plc (RBS) in that after he made several cash withdrawals, he found himself overdrawn when he considered he still had a credit balance. This caused a subsequent attempted transaction to be declined.

What happened

In early September 2023, Mr D made several debit card transactions, then over two following days, made four ATM (Automated Teller Machine) cash withdrawals which resulted in the account going overdrawn, something which was not permitted on the account type Mr D had. As Mr D thought after his cash withdrawals that he would still have a credit balance, he queried this in a telephone call to RBS. In the call, he was told there seemed to be an issue with the clearance of a credit posted to Mr D's account, but this subsequently resolved itself.

Remaining unhappy that he was overdrawn, Mr D complained to RBS.

RBS made attempts to contact Mr D by telephone as they needed more information but were unsuccessful in talking to him about the complaint, so they wrote to him asking him to contact them. Once they had the information they needed, they explained that Mr D had gone overdrawn because of the debit card transactions he authorised before the cash withdrawals. They said that the merchant to whom Mr D authorised the debit card transactions did not request the funds until a number of days later, which they are entitled to do.

RBS concluded their response saying that they could not uphold that aspect of the complaint as it was Mr D who was responsible for the account going overdrawn. However, they did acknowledge some incorrect information they gave within a telephone call to Mr D and offered £100 for this.

Unhappy with this, Mr D brought the complaint to our service explaining that he felt that RBS's systems misled him and that he did check his balance prior to making the ATM withdrawals. Our investigator said that as RBS were not aware of the debit card transactions that Mr D had authorised – as the company did not immediately request the funds – they could not be held responsible for the situation. Finally, our investigator said that the £100 offered was fair.

Mr D remained dissatisfied and requested an ombudsman review his 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.

I have looked at the information RBS has supplied to see if it has acted within its terms and conditions, and to see if it has treated Mr D fairly.

What's not in question is whether errors were made; specifically the information given to Mr D by RBS in their telephone call. I'm satisfied that within their apologies and the offer of compensation, they treated Mr D reasonably and I will explain my reasons.

To give some background to debit card transactions, when they are initially authorised by the customer, the merchant has a certain timescale in which to request these funds from the bank. Normally this is done quickly if not immediately, but they do not have to request funds straight away. Once the funds are requested by the merchant, it's at that point that they affect the available balance. In this case, they requested funds a number of days later which happened to be after Mr D made the ATM withdrawals.

Mr D did raise the point that RBS's system asked that he separately authorise the transactions after he had initially done so with the company. He said this 'additional' authorisation to RBS should constitute a debit to his balance meaning he would have been unable to make the ATM withdrawals. But this has been addressed already in that the authorisation Mr D gave to RBS was mainly for fraud prevention purposes, and did not affect his available balance as the merchant did not request funds until days later.

One aspect that I regard as significant in this complaint and that has not been acknowledged by Mr D is the responsibility to ensure there are sufficient cleared funds in an account prior to making withdrawals. Regardless of what balance was showing and any information given to Mr D about a credit to his account, he was aware that he had authorised the multiple transactions to the merchant, so needed to take into consideration the total amount of these before committing to the ATM withdrawals.

What RBS refers to as its Current Account Terms are clear in this regard stating; *'You can make cash withdrawals or payments from your account if you have funds available and/or you have an available arranged overdraft. When deciding if you have funds available and/or an available arranged overdraft to cover the withdrawal or payment, we'll exclude any debit card payments that have been approved but haven't been taken from your account yet'*.

In view of the above points, and that I regard RBS's compensation offer as fair, I cannot require it to take any further action towards him.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 13 May 2024.

Chris Blamires
Ombudsman