

The complaint

Mrs D complains that National Westminster Bank Plc failed to support her or to take any action to prevent her from gambling.

What happened

Mrs D has told us that she has a gambling addiction she was unable to control. From February 2019 until April 2023 she opened and closed 30 current accounts with NatWest, 21 of them since December 2021. She's told us that after NatWest sent a final response letter to her in April 2023, it allowed her to open 4 further accounts which meant she gambled more. She also received two loans from NatWest and made multiple applications for overdrafts which were declined. She says that her mental health and family life has suffered because of her addiction and would like NatWest to refund the money she had spent on gambling.

NatWest explained that it has a fraud detection system, which will identify any possible fraudulent transactions. But that the gambling transactions on her account would not be identified as fraudulent so wouldn't automatically be picked up. As her payments to gambling sites were made through her card, it isn't able to stop them. So it wouldn't have been notified that Mrs D was gambling. It did advise her that she could put a gambling stop on her card which would stop gambling transactions to any recognised gambling companies. Although as Mrs D appeared to be using international gambling sites, those transactions may not be prevented by the gambling stop.

I issued a provisional decision. In it I said that I thought that Mrs D being able to open and close so many current accounts was a very unusual situation. And that this should have alerted NatWest to look at Mrs D's accounts in more detail. I didn't think that it should refund the monies Mrs D had spent on gambling but that it should pay £400 for distress and inconvenience.

Both parties accepted my provisional findings.

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 set out below my provisional findings:

"It wouldn't be practical to expect banks such as NatWest to review all its individual bank accounts manually. It does however have certain automated procedures which might alert it to unusual transactions or spending patterns. NatWest's final response letter to Mrs D makes the point that it would be alerted to a transaction if it carried a fraud risk. NatWest was satisfied that the transactions were fully authorised by Mrs D and that she was the one using her account to access the sites.

So, from what NatWest says, there was nothing to indicate fraudulent activity on the

account. Having said that, there could be other indications on a consumer's account that could alert the bank to look at it more closely. These might include, depending on the circumstances, excessive use of an overdraft, continually exceeding an authorised overdraft, returned payments or applications for loans or credit, including overdrafts. And there is a particular factor in this case, as I set out below, that in my view should have alerted NatWest to Mrs D's use of her accounts.

opening and closing of new accounts

This case is unusual due to the fact that Mrs D opened and closed so many current accounts over the period from 2019 to 2023. It appears that she used some of the accounts for gambling, and didn't use them for day-to-day expenses. Some of the accounts were only open for a matter of weeks, but as far as I can see there was never more than one account open at a time. Save for one account which had an overdraft facility of up to £3,000 (which I'll deal with below) Mrs D appeared to run the accounts fairly well, they were never overdrawn, save for sometimes a very small amount (less than £10) and the account was brought back into credit fairly quickly.

NatWest's account opening procedures appear to have allowed the opening and closing of the accounts in this way without any intervention by it. It says it does a full credit score check on the customer when opening a new account. And that there are no checks done on closing other than making sure the account is not in arrears. Such searches would appear on a customer's credit record and a lot of them would likely affect a customer's credit score.

But this was a very unusual situation and I am very surprised that NatWest's detection system didn't pick up the fact of Mrs D's opening and closing of such a large number of current accounts. And that her ability to do so appeared to be limited only by her credit record. My view is that NatWest should have been alerted to this which might have caused it to look at her accounts in more detail. And, even if it's fraud detection system didn't pick up on this before Mrs D made her formal complaint, it does seem to me to be quite extraordinary that no warning was put on its system after it issued its final response letter. And that Mrs D was able to open and close further accounts.

overdraft applications

It appears that only one account actually had an agreed overdraft with a limit of initially £1,000 which was increased to £3,000. This account was opened on 9 January 2020 and closed on 20 June 2020. Mrs D did use the entire facility, and went slightly over the £3,000 limit but this appeared to be rectified by a payment made by NatWest (marked "with apologies"). But in that period I can't see any gambling payments. She paid off the overdraft, but did then go overdrawn by up to £1,500, and did carry out some gambling transactions. However she paid off the overdraft when she closed the account. As this was an agreed overdraft, I can't see that there was any indication at the time of agreeing it that Mrs D might have been in financial difficulty. And I don't think the overdraft was used for long enough to have caused NatWest to review it.

Mrs D did then make repeated subsequent applications for overdrafts in respect of her accounts. These were declined, and these were mostly because of the credit checks but I can't see it that her use of the accounts would have been a reason to decline the applications, since they were mostly well run and, as I've set out above, only dipped very slightly into overdraft here and there. But I would assume that if her situation hadn't changed she would have been unlikely to succeed in any overdraft applications. So again I don't think that the fact of making of the applications which were declined would have led NatWest to review her account.

loans

It appears that Mrs D was issued with two personal loans by NatWest, for respectively £6,000 and £5,000. Both loans were issued on the same date, that is 30 December 2019 and both loans were fully paid up in early July 2020. When providing a personal loan we do expect businesses to carry out proportionate checks on the applicant's credit/financial status. I understand that NatWest did a full credit check for both loans. But it wouldn't necessarily mean that the customer's then current bank account would be reviewed. I should emphasise that I have not considered whether NatWest should have issued the loans, or whether it carried out proportionate checks. Or whether the loans were affordable.

likely result of NatWest reviewing Mrs D's accounts

Mrs D has admitted that she has an addiction and I empathise with her that she would have found it very difficult to stop. But, in the event that she either notified NatWest or it had reviewed her accounts earlier, as I believe it should have done, I have to decide whether NatWest's failure to intervene earlier might have helped Mrs D to recognise that she had a problem with gambling. NatWest's final response letter concerning her complaint was comprehensive. It advised her about organisations that could help and also told her about its gambling stop facility for her bank card. It also told her of the difficulties with her using international gambling sites, which might not be caught by the gambling stop. And it told her to get in touch with the gambling companies concerned. It further advised her that as a last resort the account could be converted to a cash card only account which would only enable her to use cash.

And I have to recognise that Mrs D did not choose to liaise further with NatWest over the use of her accounts. I fully understand that she wasn't able just to stop. But there is only so much that NatWest could do, and I have to recognise that if Mrs D was carrying out legitimate transactions and was not going overdrawn beyond her limits, then NatWest was not in a position to block them.

On that basis, I will not be asking NatWest to refund any of the monies which Mrs D spent on gambling. However as I think that it should have picked up on her opening and closing of so many accounts and could have offered support at an earlier stage, it should pay her £400 compensation for distress and inconvenience."

As both parties have accepted them I remain persuaded by my provisional findings. Those findings are now final and form part of this final decision.

Putting things right

NatWest should pay Mrs D £400 compensation.

My final decision

I uphold the complaint and require National Westminster Bank Plc to provide the remedy set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 24 May 2024.

Ray Lawley
Ombudsman