

## The complaint

Ms D complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ("NatWest") irresponsibly lent to her when providing her with an overdraft facility.

## What happened

In June 2018, Ms D opened this account, ending 9088 with NatWest. An overdraft was later applied for in February 2019 and a limit of £1,250 was provided.

In December 2020 the limit was reduced to £850 and it was later increased again to £2,750 in August 2021.

Since November 2021, NatWest have written to Ms D on four occasions regarding the way she's using the overdraft, and in September 2023 Ms D has been working with NatWest to reduce the overdraft limit by £30 per month.

Ms D also raised a complaint in September 2023. She said she's been relying on credit that's intended for emergency use for prolonged periods and NatWest haven't considered the long-term impact. She's asked for a refund of the interest and charges applied along with 8% simple interest and an amendment to her credit file.

NatWest didn't respond to the complaint in full as they had some concerns regarding whether Ms D had authorised her representative to act on her behalf.

They've since told our service that while they empathise with Ms D, when she began using the overdraft facility more frequently from November 2021, they acted by reaching out via letter. And they said Ms D had recently reached out and a plan is now in place to support her.

An Investigator here looked into things. They said because there were regular transfers into the account that cleared or significantly reduced the overdrawn balance, they can't see NatWest had treated Ms D unfairly.

Ms D responded. Our service was provided with statements from a second account for Ms D that showed child benefits being paid in. Ms D said that's where the transfers were going to and from and there were also payments to debt collectors as well as missed payments which demonstrates she's in financial difficulty.

I previously issued a provisional decision where I said the following:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint."*

*Having carefully considered everything, I'm not currently minded to uphold Ms D's complaint. I know this is likely to be disappointing, so I'll explain why in a little more detail.*

*We've set out our general approach to complaints about unaffordable/irresponsible lending – including the key rules, guidance and good industry practice – on our website. And I've*

*referred to this when deciding Ms D's complaint.*

*NatWest will be familiar with 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.*

*I'm not looking at NatWest's charging structure specifically but, ultimately, it won't have acted fairly and reasonably towards Ms D if it applied interest, fees and charges to her account in circumstances where they were aware, or ought fairly and reasonably to have been aware Ms D was experiencing financial difficulty. So, I've considered where there was an instance, or there were instances, where NatWest didn't treat Ms D fairly and reasonably.*

*In other words, I've considered whether there were periods where NatWest continued charging Ms D even though they ought to have stepped in and taken corrective measures on the overdraft as they knew (or ought to have realised) she was in financial difficulty. If Ms D was locked into paying charges because there was no prospect of her exiting her overdraft then her facility would have been unsustainable for her. So I've carefully considered whether this was the case.*

*Having looked through Ms D's statements throughout the period concerned, I'm not currently minded to agree NatWest ought reasonably to have taken corrective measures in relation to her overdraft.*

*It's not clear from the statements what Ms D's salary is, but she has a number of different payments that come in consistently each month, although for varying amounts as well as large transfers in from other accounts in her name.*

*Between February 2019 and November 2021, Ms D was using the overdraft as intended – for short-term emergency borrowing. There was no sign of financial difficulty and when she did make use of the available credit limit, the payments into the account would often bring her out for significant periods of time with a healthy balance running on the account.*

*It's from November 2021 where Ms D's overdraft usage becomes more concerning – she's using the overdraft for longer period of times and the payments coming in aren't clearing the balance, or if they do, the account only sees a smaller credit balance, so she's quickly utilising the overdraft again.*

*It's in November 2021 that NatWest began writing out to Ms D regarding her overdraft usage and offering support if required. NatWest have written to Ms D on four occasions – first in November 2021, then again twice in 2022 and again in 2023. But just because a firm is writing out to a customer regarding the way they're using the overdraft doesn't mean they've done enough to step-in and offer support. I need to look at the overall bigger picture to decide whether or not Ms D was stuck in a position of hardcore borrowing and found herself in an overdraft she couldn't get out of.*

*Having considered Ms D's statements, while I'm not seeking to make retrospective value judgements over her expenditure, nonetheless it's fair to say that there are significant amounts of non-committed, non-contractual and discretionary transactions going from Ms D's account. However, I don't think how Ms D chose to use the overdraft facility is a key question for me to consider here.*

*The question for me to consider is whether Ms D's use of her overdraft was causing her to incur high cumulative charges that were harmful to her and whether this was causing her to be locked into using it going forward. And having considered matters, I don't currently think this was the case.*

*I say this because NatWest have provided me with statements for three other accounts Ms D holds with them. And while there are a lot of transfers in and out, Ms D generally had a balance in each individual account that could have cleared or significantly reduced the balance of the overdraft.*

*For example, in one account ending 7115, Ms D has a balance of around £30,000 up until September 2021. This is moved out in October 2021 but she generally keeps a healthy balance in that account until May 2024 where she receives a payment of around £21,000. This money then stays into that account and is slowly transferred out bit by bit.*

*In another account ending 4353 Ms D keeps a healthy balance averaging around £3,000 – this account appears to be unused since 2020. And in account ending 7123, again it generally keeps a healthy credit balance and in September 2022 Ms D receives a significant payment of around £10,000.*

*The repeat usage letters Ms D received from NatWest as well as her current account statements will have meant Ms D ought to have known how much she was paying for her overdraft in the way that she was. Given Ms D had a balance in her other accounts which was sufficient to clear her overdraft and ensure she didn't have to pay these charges, it's difficult for me to accept she couldn't use these funds to repay what she owed NatWest or that she was in a position where she had no choice other than to use the overdraft.*

*I also say all of this while mindful that I've seen no indication of any of the potential signs of financial difficulty contained in the regulator's guidance on financial difficulty (set out in CONC 1.3) – such as Ms D failing to meet consecutive payments to credit, borrowing from payday or other high-cost lenders, or Ms D failing to meet her commitments out of her disposable income – were present in Ms D's circumstances at any time prior to her complaint.*

*Therefore, having taken all of this into account, I don't think it would be fair to say that Ms D was stuck in a cycle of interest and charges that she couldn't get out of. And as a result, I'm not currently minded to say NatWest have acted unfairly when continuing to lend to Ms D. In reaching my conclusions, I've also considered whether the lending relationship between NatWest and Ms D might have been unfair to Ms D under s140A of the Consumer Credit Act 1974 ("CCA").*

*However, for reasons I've already explained, I'm satisfied that NatWest didn't lend irresponsibly or act unfairly in allowing Ms D to use her overdraft in the way that she did bearing in mind all of the circumstances. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.*

*So overall I'm satisfied that it wasn't unfair for NatWest to provide the overdraft or the limit increases. I'm also satisfied that NatWest didn't charge Ms D in circumstances where it ought to have realised that it was unfair to do so. As this is the case, I'm not minded to uphold Ms D's complaint. I appreciate this will be very disappointing for her, but I hope she'll understand the reasons for my decision."*

### **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.

Neither Ms D nor NatWest responded to my provisional decision. Because I haven't received

any new evidence or information to consider, it follows my decision is the same as I set out in my provisional decision.

NatWest haven't treated Ms D unfairly when providing the overdraft or increases, and it hasn't acted unfairly when continuing to charge her interest and charges.

### **My final decision**

It's my final decision that I do not uphold Ms D's complaint against NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 13 May 2025.

Meg Raymond  
**Ombudsman**