

The complaint

Mr B is unhappy with interest charged by National Westminster Bank Plc ("NatWest") on his overdraft facility.

What happened

Mr B complained to NatWest because he was unhappy about interest charged by NatWest on his overdraft facility. NatWest responded to Mr B and said that they didn't feel that they'd done anything wrong by charging the overdraft interest that they had, which they noted was in accordance with the terms and conditions of the account. However, as a gesture of goodwill, NatWest reimbursed £72.65 of recently charged overdraft interest to Mr B.

Mr B wasn't satisfied with NatWest's response, so he referred his complaint to this service. One of our investigators looked at this complaint. But they didn't feel NatWest had acted unfairly by charging the overdraft interest on Mr B's account as they had. Mr B remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

When Mr B opened his account with NatWest, he accepted the terms and conditions of that account. These terms include that NatWest charge interest at a set rate on overdrawn balances. And the fact that NatWest charge interest on overdrawn balances is a commercial decision that NatWest are entitled to make.

Having reviewed Mr B's account statements, it's clear that he has been overdrawn and so has made use of the overdraft facility on his NatWest account. And I'm satisfied that when NatWest have charged interest on Mr B's usage of his overdraft facility, that they've done so in accordance with the terms and conditions of the account.

Given that information about NatWest's interest charges on an overdrawn account balance were made available to Mr B before he opened his NatWest account, and that Mr B agreed to NatWest's terms and conditions surrounding this matter when he accepted an account with NatWest, I'm satisfied that it isn't unfair for NatWest to have charged interest on Mr B's account balance when it was overdrawn.

Furthermore, given that I'm satisfied that NatWest have charged interest on Mr B's overdrawn balance in accordance with the terms and conditions of their account, I'm also satisfied that NatWest haven't acted unfairly towards Mr B in how they've charged overdraft interest on his account.

Mr B has explained to this service that he is suffering with his mental health at present and that he feels anxious and stressed. And Mr B has also explained that the interest charged by NatWest on his overdrawn balance have exacerbated these feelings.

It's only natural for me, on a personal level, to sympathise with Mr B, and with the difficult personal circumstances that he's currently experiencing. However, in my professional capacity as a financial ombudsman, I must remain impartial. And as an ombudsman I don't feel that the mental health issues that Mr B is currently experiencing do fairly or reasonably absolve him of his responsibilities regarding his account or mean that NatWest shouldn't apply interest charges to his overdrawn balance in line with their terms and conditions.

In their response to Mr B's complaint, NatWest have explained that if Mr B is struggling to maintain his account that he might benefit from speaking with their financial difficulties team. This seems reasonable to me, and I can only encourage Mr B to speak with NatWest's financial difficulties team if he is struggling to maintain or recover the balance of his account.

All of which means that I won't be upholding this complaint or instructing NatWest to take any further or alternative action here. This is because NatWest's terms include that they charge interest on an overdrawn balance, and because I'm satisfied that it's fair for NatWest to have charged interest on Mr B's account balance in accordance with those terms when the balance of his account was overdrawn.

I realise this won't be the outcome that Mr B was wanting. But I hope that he'll understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 19 March 2025.

Paul Cooper
Ombudsman