

The complaint

Miss S says NatWest failed to offer her support when she was spending compulsively and experiencing financial harm.

Background

Miss S has a compulsive spending problem which resulted in her gambling in an excessive and harmful way. She says that this impacted her for many years and that during that time no one from NatWest ever contacted her to discuss the behaviour on her account or ask if she needed any help or support. She believes that if the bank had contacted her, it could have prevented her from losing more than £100,000.

NatWest has said that at no point did Miss S contact it and disclose she needed support. It says that although there were large amounts of gambling transactions on the account, these were all fully authorised, and gambling is a permitted activity so there was nothing to trigger an alert on the account and so it wasn't reviewed. It also noted that the account was generally well maintained with lots of credits and no excessive lending charges. So, it didn't think it had missed any indicators of vulnerability and didn't uphold Miss S' complaint.

Unhappy with NatWest's response Miss S brought her complaint to our service. I issued a provisional decision on 27 January 2025. In it I said that NatWest ought to have realised Miss S was struggling to manage her finances and was showing clear signs of financial vulnerability in 2020 and so it ought to have contacted her and offered support at that time. I said NatWest ought to pay Miss S £500 compensation in recognition of its failure to contact her in 2020. I asked both parties to respond with any further comment by 10 February 2025.

NatWest accepted my findings, but Miss S didn't. She queried why I wasn't considering her complaint from 2013, when she received a large inheritance into her account which she subsequently lost through compulsive gambling. She said that the bank owed her a duty of care and that she was unaware of that until she finally came to terms with her addiction in 2024. She asked that I reconsider her complaint from 2013 onwards and increase the award made.

My findings

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

I would like to thank Miss S for taking the time to respond to my provisional decision, as I know the outcome was ultimately a disappointing one for her. In that response Miss S' main concern was why I wouldn't consider what happened between 2013 and 2018, which is when she lost the funds from her inheritance.

As previously explained to Miss S there are rules that govern what sorts of complaints this service can and can't investigate. Some of those rules relate to when complaints are brought to us, as there are time limitations on how long someone can wait before bringing a complaint against a business.

The rules regarding this service's jurisdiction and the types of complaints we can and can't consider are set out in the Dispute Resolution section of the FCA's Handbook and are available in full on the FCA's website. The relevant rule in Miss S' complaint is DISP 2.8.2 R.

That rule states that consumers have six years from the event date, in Miss S' case the date she received her inheritance, to bring a complaint. As Miss S received the large deposit into her account in 2013, that means she had until 2019 to bring a complaint about the lack of support or advice from the bank about that deposit. However, Miss S didn't complain to the bank until 2024, which was 11 years later, and therefore more than five years after the cut off point for bringing such a complaint.

Miss S has explained that it wasn't possible for her to complain until 2024, because she was unable to admit to herself that she had a gambling problem until last year when she eventually told family members what had been going on. She's explained that at that point she became aware that banks have a duty of care to consumers and believes that NatWest should have intervened sooner. So, she's asked that I reconsider her complaint on that basis.

However, I still don't think our rules allow me to review Miss S' complaint from 2013 onwards.

While I accept that Miss S suffered a serious bereavement in 2013, and that her gambling problem worsened after that, I'm unable to conclude that she couldn't have brought a complaint sooner than she did. I say this because the rules about when a consumer must bring a complaint to us state that for an exceptional circumstance to apply, it must mean that it wasn't possible for the person to complain sooner. And while I can understand that Miss S may not have been able to complain about the lack of support for gambling sooner, I don't think this means she couldn't have complained about the lack of support or advice about how to manage her inheritance sooner. So, I still think that I can only consider what happened with Miss S' account in the six years before she complained in 2024, and that anything that happened when she received her inheritance in 2013 is time barred under our rules.

As this was the only point raised by Miss S following the provisional decision, the rest of my findings remain unchanged, and I am upholding her complaint against NatWest. For the sake of clarity I will repeat those findings here.

The crux of this complaint appears to be whether NatWest failed to identify signs of vulnerability and offer appropriate support to a consumer who was experiencing financial harm.

In its submissions to Miss S and this service NatWest has said that because Miss S never contacted the bank and disclosed what was going on it was unaware she was spending compulsively. It has explained that bank accounts aren't manually reviewed unless there is a reason to do so and there was nothing to show that Miss S struggling as her account was in good order. It has also referred to the fact there were regular credits into Miss S' account as well as frequent debits.

However, Miss S has argued that her account wasn't in good order. She has said that for a prolonged period of time she was dependant on the overdraft facility on her account and it was rarely in credit for long periods of time. She's also pointed to the fact that she made large cash transfers from credit cards into her account on multiple occasions to clear her overdraft limit. Thus, using more expensive credit to repay the debt she had with NatWest. So, she thinks the bank ought to have noticed what was going on and I agree with her.

NatWest has said that it had no reason to review Miss S' account on the basis that she was using it to gamble. That may well be the case, however, Miss S had an overdraft facility on her account and the rules set out by the Financial Conduct Authority ("FCA") in CONC 5D 1.2 states that firm should:

- (1) monitor customers' patterns of overdraft use;*
- (2) identify customers with patterns of repeat use; and*
- (3) take appropriate steps with the aim of changing such patterns of use.*

Looking at Miss S' account I can see that from May 2018 she was using her overdraft regularly, in that she would use it for a few days each month, but generally speaking the account would go back into credit quickly and for most of the time it remained in credit. So, I don't think the activity between May and December 2018 would have indicated financial vulnerability at that time.

In 2019 Miss S' account activity changed. She transferred £2,600 in cash from a credit card in early February that year to clear the overdraft and to provide funds to gamble. But that was the only such transfer that year, and although there is evidence Miss S was borrowing funds from elsewhere the account is still primarily in credit, although Miss S' overdraft usage increased during this period. So, I don't think any review of the account during 2019 would have necessarily resulted in NatWest thinking Miss S was struggling financially.

However, Miss S' usage of the facility continued to increase throughout 2020 and by that time the account was frequently overdrawn. In fact, Miss S' account appears to have been overdrawn for most of February, March, April, May, June, July, August, September and October. And it was only when Miss S took out a £15,000 loan with another lender in November 2020 that the account went back into credit. Although it was overdrawn again within the same month.

So, I think the account review that should have taken place to review Miss S' overdraft usage in 2020 should have alerted NatWest to the fact that she was showing clear signs of becoming reliant on the facility and that her pattern of use had changed from the previous years. And I think it should have reached out to Miss S to discuss this with her and check whether she needed any support.

Unfortunately, that didn't happen and Miss S' compulsive gambling and reliance on credit continued to worsen in 2021. It was after this time that Miss S began to regularly transfer cash from three different credit cards into her account in order to clear her overdrawn balance and continue to gamble. Obviously, these sorts of transfers can be incredibly expensive and put Miss S into the position of repaying her debt to NatWest with a more expensive form of credit.

Looking at Miss S' statements I can see she transferred £1,000 from a credit card on 28 June that year. Then on 22 July she transferred another £2,500 from the same card. Despite this her account was overdrawn again on 10 August. So, on 25 August Miss S made a third cash transfer from the same credit card for another £1,700. Followed by a final transfer from the same card on 6 September for £1,000. Meaning that in ten weeks Miss S had transferred approximately £6,200 from a credit card into her current account to clear her overdraft balance and have funds to gamble with.

Unfortunately, there were other signs of financial vulnerability in Miss S' account statements during this time as well. She was also applying for loans from other lenders, which were credited to her NatWest account and then used to clear her balance and gamble. So, I think the overdraft review that should have happened in 2021 would have shown clear signs of

someone who was struggling to manage their finances and becoming reliant on extremely expensive methods of moving credit around in order to try to hide the problems they were experiencing. And NatWest should have identified this behaviour and should have contacted Miss S to offer her appropriate advice and support.

The credit transfers from credit cards continued in 2022 and in February Miss S made two more cash transfers, this time from a different credit card, one on 8 February for £1,000 and another on 14 February for £1,200. In July that year Miss S received a £20,000 one off payment and it appears she cleared some existing debt and was able to bring her account back into good order for a short period of time. However, she continued to gamble and so the account became overdrawn again and on 15 November Miss S transferred another £700 from a credit card into her account. She then completed three more transfers, all from the same credit card between 17 and 28 November for a total of £3,200. Then in December 2022 she completed another three cash transfers, from three different credit cards, for another £2,000. All of which was used to bring her account back into credit so she could gamble.

Throughout 2023 and early 2024, up to the point Miss S contacted NatWest with her complaint, she continued to use her overdraft and she continued to gamble in a harmful and compulsive way. It doesn't appear as though she made more cash transfers during this period but there is still clearly evidence on the account of someone who is struggling to manage their finances effectively and is at risk of serious financial harm.

So, while I appreciate that there was no obligation on NatWest to monitor Miss S' account for gambling activity specifically, and that Miss S didn't tell the bank she had a compulsive spending problem, it doesn't mean the bank had no obligations to review Miss S' account at all or to respond appropriately to indicators of vulnerability.

I think that the requirements set out under CONC for NatWest to monitor Miss S' overdraft usage, and thus how she was managing the facility on her account, should have resulted in the bank realising what was going on and just how vulnerable Miss S was. And I think it should have realised that as early as 2020. And it should have offered her support then. So, I think it owes Miss S compensation for the distress and upset caused by its failure to offer her support when she was financially vulnerable.

Miss S has said that she's lost more than £100,000, including inheritance left to her by her late father. I'm very sorry to hear of how this has affected Miss S and the devastating impact it has had on her finances. However, while I do think NatWest failed to offer her support when it should have, that doesn't mean I think it's liable for her losses.

For me to make that finding I would need to be persuaded that any contact from NatWest in 2020 would have stopped Miss S from gambling further. And I've not seen anything that makes me think that would have been the outcome. So, I can't ask NatWest to refund Miss S' gambling losses from 2020 onwards as that wouldn't be reasonable.

However, I do think it owes Miss S compensation and so I'm asking it to pay her £500 in recognition of the distress and upset its failings have caused. I think this reflects the serious nature of the failings and the fact there were clear indicators of vulnerability in the behaviour on the account long before Miss S eventually contacted NatWest in 2024. However, as explained, I don't think an award of more than that is fair as I can't hold NatWest responsible for any of Miss S' financial losses.

Putting things right

NatWest should pay Miss S £500 compensation for the distress and upset caused by its

failure to offer support in 2020.

My final decision

For the reasons set out above, and in my provisional decision, I uphold Miss S' complaint against National Westminster Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 1 April 2025.

Karen Hanlon
Ombudsman