

The complaint

Ms M complains National Westminster Bank Public Limited Company (NatWest) lent to her irresponsibly when they gave her a £500 overdraft. She's also unhappy NatWest didn't complete her account switch by repaying her overdrawn balance on the account she was switching from.

What happened

Ms M complains NatWest failed to carry out adequate checks before approving the overdraft below and failed to show forbearance despite her experiencing financial difficulties. Ms M is also unhappy her overdrawn balance on her previous account wasn't repaid as part of the switching process.

Date	Overdraft limit
5 March 2024	£500

NatWest looked into Ms M's concerns and issued their final response. They explained they carried out affordability checks before agreeing to lend, and these showed the overdraft was affordable for her circumstances. NatWest also encouraged Ms M to contact their Financial Health team if she was struggling to repay her overdraft. Ms M remained unhappy, so brought her complaint to our service.

Our Investigator didn't think Ms M's complaint should be upheld. They thought NatWest's checks were proportionate and suggested the overdraft was affordable. And regarding the account switch, our Investigator didn't think NatWest had done anything wrong as Ms M's NatWest account didn't have funds to repay the overdrawn balance on her account.

Ms M disagreed with our Investigator, so her complaint was passed to me for a 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.

Having considered everything, I'm not upholding Ms M's complaint. I'll explain my reasoning below.

Did NatWest lend to Ms M irresponsibly?

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. This is something NatWest is familiar with, and I've used this approach to help me decide Ms M's complaint.

NatWest needed to make sure they didn't lend irresponsibly. In practice, this means they needed to carry out reasonable and proportionate checks so they could understand whether Ms M could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an "affordability assessment" or "affordability check".

The checks needed to be borrower focused – meaning NatWest had to consider if repaying the credit sustainably and within a reasonable period of time would cause difficulties or adverse consequences for Ms M. It wasn't enough for NatWest to consider the likelihood of getting their funds back – they had to consider the impact of the repayments on Ms M.

Checks also needed to be proportionate to the specific circumstances of the lending. There isn't a specific list of what constitutes proportionate affordability checks – rather it will depend on several factors, but not limited to, the particular circumstances of the consumer, and the amount/type/cost of credit they were seeking. And generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information they gather and what they do to verify it – in the early stages of a lending relationship. So, I've kept all this in mind when thinking about whether NatWest did what they needed to before lending to Ms M.

Before making their lending decision, NatWest reviewed information declared by Ms M in her application, and that gathered from credit reference agencies (CRAs). I've seen Ms M declared she had a monthly income of £3,500, and monthly loan repayments of £961. NatWest's checks used monthly housing costs of £911, credit card repayments of £27, and living costs to be £1,020 a month. This left Ms M with a disposable income of £581. Given this is what she was left with after essential spend and living costs, I'm satisfied these checks suggested the £500 overdraft limit was affordable for Ms M's circumstances.

While NatWest's checks showed the overdraft was affordable, they also needed to make sure it was sustainable and unlikely to cause Ms M harm. The CRA checks did share any negative markers such as bankruptcy, County Court Judgments, or late/missed payments. They did show there had been two credit searches in the previous 12 months. However, I don't think that would have been enough for NatWest to conclude Ms M was reliant or becoming reliant on credit. Therefore, I don't think further checks were warranted before NatWest agreed to lend. In turn, this means I don't agree it would have been reasonable and proportionate for NatWest to review Ms M's statements as she's suggested.

Given the above, I consider NatWest treated Ms M fairly when they approved her application for the overdraft.

Ms M complained NatWest failed to show forbearance when she was experiencing financial difficulties. However, when she mentioned this when raising her complaint, I've seen NatWest explained she could speak with their Financial Health team to discuss the available options. This is what I would have expected them to do so they were better placed to determine the right support for her needs.

I understand Ms M has now closed her NatWest account, so there is nothing else I think NatWest needs to do to resolve this complaint point.

Did NatWest treat Ms M fairly with the account switch?

Ms M has also complained NatWest failed to complete her account switch when they didn't repay the overdraft on her previous account. She says this resulted in that account being defaulted.

Ms M has explained she believed her previous overdraft would be repaid when her NatWest account was opened. She's sent us a copy of an email she received that she relied on, and this said; *"We'll work with your old bank to move the balance from your old account over to your NatWest account which we'll complete by 13/03/2024."*

I've reviewed the terms that apply to account switching and ultimately, it's the responsibility of the account holder to ensure any debt on their old account is repaid. They also encourage customers to speak with their new bank if there is debt on the account they're switching from. NatWest has said the overdraft wasn't repaid on Ms M's old account as her NatWest account didn't have the available funds. I've seen Ms M's NatWest statement from that time, and seen her account was £473.51 overdrawn by 11 March 2024 – and wasn't back in credit until 21 March 2024.

I'm satisfied NatWest clearly set out the switch would take place by 13 March 2024, so Ms M ought to have known there weren't the available funds to repay the overdraft on her old account. I appreciate Ms M is upset her old account was defaulted because the overdraft wasn't repaid. However, I can't agree NatWest was at fault for that. Ultimately, it was Ms M's responsibility to ensure she had sufficient funds to repay the overdraft before the switch was completed, and I've seen nothing to suggest NatWest made a mistake that prevented the switch from completing as she'd hoped. Therefore, I'm not upholding this part of her complaint.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think NatWest lent irresponsibly to Ms M or otherwise treated her unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I know this isn't the outcome Ms M hoped for. But for the reasons above, I'm not asking NatWest to do anything to put things right.

My final decision

My final decision is that I'm not upholding Ms M's complaint about National Westminster Bank Public Limited Company.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 28 August 2025.

Sarrah Turay
Ombudsman