

The complaint

Mr O complains that he was permitted to spend heavily from his National Westminster Bank Public Limited Company account during a period of ill health even though NatWest had been told about his illness and had been asked to put restrictions in place.

What happened

Mr O opened his Student/Graduate Service account with NatWest on 21 July 2023. Mr O says when he opened the account, he made the branch staff at NatWest aware that he had mental health issues and the possibility existed that he may spend erratically and compulsively if his condition was triggered. Mr O asked that restrictions were applied to stop such spending. An overdraft facility was agreed and the account operated almost continually within that overdraft limit until December 2023 when an injection of funds meant the account started to move between credit and overdraft. Between 15 May 2024 and 11 June 2024, Mr O transferred £13,521.70 to, and received £5,630.65 from, a trading platform. The investment figure is £400 higher than that which Mr O has told us as I've reviewed his bank statements to ascertain the total investment and identified a trade not included in Mr O's calculation.

Mr O raised a complaint with NatWest stating that he made losses totalling £7,491.05 and asking that these be refunded to him as he'd made the bank aware of the possibility he'd spend compulsively and erratically, and NatWest hadn't protected him as he'd asked. He also complained that he didn't feel his ill health had been taken into account by the retail dispute team.

NatWest answered Mr O's complaint on 2 August 2024 and agreed with Mr O's first point. It introduced Mr O to Banking My Way which is a method by which customers can make the bank aware of any circumstances it needs to be aware of and how best the bank can assist them by way of reasonable adjustments. I note from NatWest's letter that additional support at that time was declined by Mr O. NatWest offered £200 for the inconvenience which Mr O also declined. In response to Mr O's second point regarding his ill health not being taken into account, it said it couldn't agree as the correct process had been followed. As Mr O disagreed with NatWest's conclusion, he referred his complaint to this service where an investigator considered the matter.

Mr O gave this service additional information when he brought his complaint to us, and this, together with his previous submissions, was considered alongside the information provided by NatWest.

Our investigator concluded that the £200 offered by NatWest was a fair and reasonable way to resolve the complaint. In summary, they agreed that NatWest hadn't noted any details of Mr O's mental health issues when he opened his account, and it should've. They felt £200 was an appropriate award for this. But they also noted that NatWest didn't have the functionality within its systems to prevent all the transactions Mr O would've wanted to be stopped without severely impairing the way his account could be operated. So, they said it could never have prevented the transactions or the losses made. Mr O disagreed with our investigator's opinion, provided additional points to note, and asked that his complaint was escalated to an ombudsman. So, it's been passed to me to decide.

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 want to be clear that I've read everything that has been sent by both Mr O and NatWest and I'm very sorry to read of Mr O's challenges. I acknowledge the difficulties his illnesses present, in particular Mr O's varying ability to deal with day-to-day situations and financial decisions. I'm going to be deliberately vague in this decision as to Mr O's specific conditions as our decisions are published and I don't want to put his anonymity in any jeopardy. I trust Mr O will understand my reasons for doing this.

Our role as a dispute resolution service is to provide answers quickly to individual complaints with the minimum of formality. That means we don't necessarily answer every point that's been raised by both sides. But we get to the crux of the complaint and assess what's gone wrong, if anything, and what should be done to put things right. So, I hope that Mr O won't take it as a discourtesy that I won't be answering every point he's raised. I'll be grouping them into themes and answering them in that way.

What happened when Mr O opened his account, what disclosures were made and what should NatWest have done?

Mr O has said in his testimony that when he went to the NatWest branch in 2023, he made the member of staff he spoke to aware of his mental health illnesses and the potential impact they had on his ability to handle his finances. He says he made NatWest aware that during episodes of ill health he may be prone to spending heavily and irrationally and wanted safeguards put in place to prevent such spending taking place. Mr O says that he was explicitly informed that safeguards could and would be put in place and so NatWest misrepresented the help it could provide. Mr O says that because he thought safeguards were in place, he was prevented from taking further action to protect himself, deepening the harm caused. NatWest, for its part, has checked with the staff at the branch Mr O visited. The branch manager has said that he believes it was him who saw Mr O but regrettably doesn't have any recollections of the meeting other than that. NatWest has said in its final answer that it doesn't doubt the visit took place and has apologised and offered compensation for the information provided not being added to the system.

In making my decision on this aspect of Mr O's complaint, I'm satisfied that Mr O went into a branch, met with a member of staff and disclosed details of his medical conditions. I'm also satisfied that no record was made of the conditions on the bank's records. Mr O says he was told safeguards could be put in place, NatWest says the functionality to put in place the safeguards Mr O wanted simply don't exist without restricting access to his account to an unacceptable level.

I'm satisfied that NatWest failed to properly note the medical conditions Mr O disclosed. On the point of what safeguards could be put in place, I can't be fully satisfied as to what was said as I wasn't there and there's no notes of the conversation. So, I must work out what I think happened on the balance of probabilities. I've already said I'm satisfied Mr O told NatWest about his conditions and what could happen if he experienced an episode of mental ill health. What I'm less sure of is what Mr O said he wanted to be put in place and what the branch manager's response to this was. Clearly, this conversation took place some time ago, and recollections change with time. Although both Mr O and the branch manager are telling me what they believe happened and was said at the time, I have no way of verifying this. It's possible Mr O was told certain safeguards could be put in place but it's equally possible NatWest explained the limitations of the safeguards he could put in place. In any event, I don't accept Mr O's proposition that NatWest's actions prevented him from taking other actions to protect himself. I would expect that Mr O would want to put in place all and any opportunities to protect himself that he could. I also note that NatWest offered Mr O additional support after he'd raised his complaint which was declined and the Banking My Way notifications to alert staff to potential issues weren't completed until five months later. So, I find that NatWest's initial customer service was poor and Mr O should be awarded compensation.

What safeguards could NatWest have put in place and would these have prevented the losses Mr O is claiming from it?

Mr O was in effect asking NatWest to monitor his account so that if there were signs of problems, it would step in and offer assistance. I don't think that's a reasonable request from Mr O.

In cases where a consumer says they have problems with compulsive spending (and that's the issue we have here), the bank can apply a marker so that transactions using certain codes are blocked. These codes are usually associated with gambling sites and so aren't relevant here. The bank also has anti-fraud measures in place so that unusual and excessive transactions are flagged and referred for checking. It's for the bank to decide what the cut off amount is before a transaction is referred. Having looked at the transactions which took place, whilst they are high in relation to Mr O's usual transactions, in the scheme of the bank's overall business, they wouldn't have been at an amount where I think they should've flagged to the bank and given concern. Another factor is of course that the bank would look for multiple transactions in a short space of time. Here the volume of transactions is not excessive and so I don't think that should've triggered any warnings to the bank.

NatWest has said in order to block the transactions Mr O wanted, it would've had to deactivate the ability for his debit card to be used for purchases and his account would've needed to be blocked from doing any online transactions. It seems to me that if these two actions had been taken, Mr O's account would've been effectively redundant – all he could've done is draw cash from an ATM. I accept what NatWest says here and, even if I were to conclude Mr O was told safeguards could be put in place, they never could've been, and so the losses Mr O has suffered would never have been prevented. I can't ask NatWest to give a refund for a situation it never could've stopped.

In summary, I do think NatWest's customer service at the initial account opening was lacking and I agree compensation is due. NatWest offered Mr O £200 which he declined. I think that's a reasonable offer to have made and so I'll be awarding that amount. But I don't find that NatWest is responsible for the losses Mr O has made through his use of the trading platform. The volume and size of the transactions were not at a level where I'd have expected NatWest to pick up on the activity and it doesn't have the processes in place to filter such transactions.

Putting things right

In order to put things right, NatWest should pay Mr O the compensation which it originally offered of £200.

My final decision

My final decision is that I uphold this complaint. I direct National Westminster Bank Public Limited Company to pay Mr O the £200 it had already offered as compensation for the poor service he received.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 24 April 2025.

Stephen Farmer
Ombudsman