

## **The complaint**

Mr and Mrs W complain about the overdraft charges and interest Bank of Scotland plc applied to their account; they're also unhappy with the level of support they say they've received.

## **What happened**

Mr and Mrs W hold a current account with Bank of Scotland. Their account has an arranged overdraft, which has been in place since 2018.

In 2024, Mr and Mrs W complained to Bank of Scotland about the interest, fees and charges they'd incurred; in summary, they thought such penalties had caused them to be stuck in their overdraft, with no hope of paying it back. Bank of Scotland discussed the matter with Mr and Mrs W, and it agreed to place a three-month hold on any interest charges – it also refunded some interest it had previously charged. Bank of Scotland also told Mr and Mrs W to keep in touch about their financial situation, and it said it would be open to discussing further supportive measures if necessary.

Mr and Mrs W weren't happy with that response, so they contacted this Service for an independent review. An Investigator here looked at what had happened; having done so, they didn't think the complaint should be upheld. They said that interest and fees had been appropriately applied to Mr and Mrs W's account, given they hadn't shown any obvious signs of financial strain which ought to have caused Bank of Scotland to step in. Since the bank had been made aware of Mr and Mrs W's financial position, it had offered reasonable support by way of two separate periods of three-month interest suppression, a refund of interest and the offer of further support moving forward. All of that, in the round, suggested Bank of Scotland had acted both fairly and reasonably in the circumstances.

Mr and Mrs W disagreed. They still maintained that Bank of Scotland should refund all interest, fees and charges – and that the bank hadn't done enough to support them. So, as no agreement has been reached, the complaint has 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.

At the outset, before addressing the merits of Mr and Mrs W's complaint here, I think it's important to be clear on exactly what I've considered. As I understand it, Mr and Mrs W have only complained about the interest and charges which have been applied to their account – *not* the lending decisions Bank of Scotland made when agreeing to provide them credit.

That's important, because it means that I haven't considered whether Bank of Scotland should, or shouldn't, have lent to Mr and Mrs W. If Mr and Mrs W do wish to complain about the bank's lending decisions, they'll need to complain directly to Bank of Scotland in the first instance. If they remain unhappy with any response they receive, they can contact this Service at that time.

To begin with, it's worth explaining that I'm not looking at the structure of charges Bank of Scotland employs for its overdrafts; so, in short, I'm not making any determination on whether the fees or charges themselves were proportionate to the service provided, or whether it's generally fair of Bank of Scotland apply charges or interest. What the bank charges for its services is, broadly speaking, a commercial decision for it to make – as is the bank's approach on when to apply such charges.

Instead, what I'm looking at is whether Bank of Scotland treated Mr and Mrs W fairly in their specific circumstances; and I think it has. No doubt that'll disappoint Mr and Mrs W, but I take this view largely because I can't reasonably conclude that Bank of Scotland ought to have noted they were struggling to manage the account. There's no question that Mr and Mrs W's overdraft limit has changed over the years, nor is there doubt that there were periods of time when the account remained overdrawn; even so, there's nothing substantial to suggest the bank had reason to step in. Looking through the statements for Mr and Mrs W's account, while it's true that they were using their overdraft regularly, they were also bringing the account back into credit frequently too – generally with a healthy balance. All of that, in itself, doesn't mean that Mr and Mrs W were reaching an extent that Bank of Scotland ought to have noticed and taken action.

That pattern appears to be, broadly, how the account was run over the years. As I've said, such a pattern isn't, in itself, necessarily an indicator of financial difficulty. Without obvious signs of financial stress, I don't think Bank of Scotland would've had pressing cause for concern. That applies here, and it follows that I don't think that it was unreasonable for Bank of Scotland to apply its usual approach for overdraft borrowing, adding the interest, fees and charges that it did. Mr and Mrs W's account was, after all, being used in a way which attracts interest, fees and/or charges – the terms and conditions of the account set that out quite clearly.

In terms of support that's been offered, I can see Bank of Scotland did write to Mr and Mrs W in May 2024 about overdraft usage – in short, the bank reminded them about the cost of their overdraft and how they could take action to reduce their usage. Shortly afterward, in September 2024, Mr and Mrs W pro-actively contacted Bank of Scotland to explain that they were indeed struggling – and I've noted how Bank of Scotland agreed to a three-month suspension of interest at that time, expiring in December 2024; it subsequently agreed to another three-month suspension too, which expired in March 2025. Moreover, Bank of Scotland has already refunded some of the daily overdraft interest it charged Mr and Mrs W.

It's not absolutely clear what's happened since then, but those immediate measures of forbearance are certainly appropriate in the circumstances; I note too how Bank of Scotland explained to Mr and Mrs W that if they need more assistance, they can contact the bank's specialist team to discuss their options. That all seems reasonable to me, and I don't find there to be a failing in the measures Bank of Scotland has employed to assist Mr and Mrs W. That said, it might be that further, longer-term, measures are required, so I'd certainly encourage Mr and Mrs W to keep in regular contact with Bank of Scotland about their overall financial position if they aren't doing so already.

To sum up then, I don't find that Bank of Scotland did something wrong by generally applying interest and fees or charges to Mr and Mrs W's account; it reasonably acted in-line with the terms and conditions which govern the account. Moreover, I don't consider Mr and Mrs W's usage of their overdraft, at least before the point they told Bank of Scotland about their troubles, to be problematic enough for the bank to have stepped in. Instead, I think the measures Bank of Scotland has taken since being made aware of Mr and Mrs W's situation have been proportionate. All of which means I think Bank of Scotland has treated Mr and Mrs W fairly in the circumstances here. It follows that I don't uphold the complaint.

### **My final decision**

My final decision is that I don't uphold Mr and Mrs W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 17 July 2025.

Simon Louth  
**Ombudsman**