

## **The complaint**

Mr T is unhappy NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (NatWest) did not recognise the unusual transactions he was making through his current account and did not step in to support and prevent him from experiencing financial harm.

Mr T says NatWest's inaction has cost him financially.

## **What happened**

I issued a provisional decision to both parties setting out why I thought Mr T's complaint should be upheld and set out how I thought the matter should be put right.

Both parties are familiar with the details surrounding these events and have had sight of my provisional decision, so for the purposes of this final decision I've included only a summary of the background to this complaint and a summary of my provisional findings which now form part of this final decision.

### Background

Mr T, an existing customer of NatWest, took out two loans with NatWest, one in September 2021 for £7,000 and a further loan for £20,000 in June 2023. Mr T made separate complaints about the sale and suitability of these two loans.

After taking out the two loans Mr T began to carry out gambling transactions which increased significantly over time.

NatWest reviewed Mr T's overdraft as part of their regular checks and decided to reduce his overdraft limit from £1,250 to £400 to take effect from 27 February 2024. However, Mr T used the overdraft after the proposed limit reduction had been communicated to him so NatWest did not reduce the credit limit as intended.

Mr T dipped in and out of the overdraft from this point until he reached the overdraft limit of £1,250 near the end of May 2024 and he made no further gambling transactions through the account after this.

Our Investigator said NatWest's review of the overdraft ought to have prompted them to look more closely at Mr T's account and subsequently step in sooner to help Mr T with his overdraft and to provide him with details of where he could find support. The Investigator concluded NatWest should not have allowed Mr T to keep a higher overdraft limit and proposed NatWest rework the overdraft to put this right. The Investigator also said NatWest should pay Mr T £150 to recognise the distress the matter had caused Mr T, together with £50 to reflect delays in NatWest's complaint handling.

Both parties disagreed with the Investigator so the matter was passed to me to decide. In my provisional decision I provided the reasons, which I've summarised below, to explain why I was minded to say Mr T's complaint should be upheld.

- I considered Mr T's submissions that NatWest ought to have realised from the unusual transactions on his account that he was vulnerable and struggling financially.

Mr T said that if NatWest had realised this and stepped in to help him he would have explained the reason for his gambling was to manage payments towards the two NatWest loans (as they were not affordable to him), and to keep up with other commitments. He said this would have put NatWest on notice to engage with him and support him to avoid financial harm.

I therefore considered when NatWest could reasonably have known Mr T was in a vulnerable position.

- I explained there was no obligation for NatWest to monitor Mr T's account as closely as he believed they should. Rather, a firm would be more likely to take a closer look at a person's account if there was activity to suggest the account was not being managed well, for example where someone repeatedly exceeds an agreed overdraft limit.

At the point NatWest decided to reduce Mr T's overdraft limit, Mr T had not used the overdraft for a long time and nothing in Mr T's usage of the overdraft suggested it wasn't being used as intended, nor was there any other sign of account mismanagement to reasonably suggest NatWest should have stepped in to look more closely at Mr T's account at that time.

There was also no record that Mr T had contacted NatWest for any kind of support.

I considered NatWest did not reduce Mr T's overdraft limit to £400 because before the date this was intended to happen, and after notification of the plan to reduce the limit had been given, Mr T had at one point taken the account overdrawn by £957.17.

I said this was a reasonable opportunity for NatWest to have looked more closely at what had prompted Mr T to use his overdraft so shortly after being notified it was to be reduced, particularly given his previously long-standing non-usage of the overdraft.

I said if NatWest had looked at Mr T's account at this point it would have quickly put them on notice that Mr T may have been in a vulnerable position and warranted contact from them about his account and the nature of the transactions he was making, and that given their obligations to lend responsibly to also consider (through checks) whether the overdraft was something Mr T would be able to repay within a reasonable time. But NatWest did not reach out to Mr T at this time.

I noted it wasn't clear however, whether any early intervention would have stopped Mr T from making gambling transactions, although I thought it fair to say the offer of support or where to find it may have helped alleviate some of Mr T's concerns about what his options were.

- I considered NatWest's responsibilities as a lender and what may have happened had they reviewed the suitability of the overdraft for Mr T in February 2024 if they had stepped in then to engage with Mr T.

I concluded Mr T's statements would have quickly shown limited income through benefits, individuals sending him money and occasional gambling wins. Coupled with how Mr T was using the account, it would have been apparent to NatWest that Mr T was not in a position to manage further credit in the form of an overdraft and that Mr T was in a vulnerable position, so the overdraft would no longer have been suitable for him at that time.

- I proposed a remedy to put things right noting it would not be fair in this case for NatWest to be held responsible for Mr T's gambling transactions (which Mr T was seeking to be refunded to him). I said this because for the most part Mr T had been managing his account without any outward sign of there being something wrong, so it was not reasonable for NatWest to have known Mr T was vulnerable or in need of any support.

To put things right as far as reasonably possible, I said NatWest should rework Mr T's overdraft to remove all interest, fees and charges applied from 27 February 2024 (when the overdraft was supposed to have reduced) to date. That if the adjustment resulted in an outstanding overdraft balance that NatWest then work with Mr T to find a suitable way to repay the outstanding balance, but if the reworking of the overdraft resulted in there no longer being an outstanding overdraft balance that NatWest treat any additional funds as overpayments and refund these to Mr T with 8% simple interest from the date they would have been made until the date of settlement. And reminded NatWest to report Mr T's account accurately to the Credit Reference Agencies.

I considered NatWest's inaction from February 2024 until they offered Mr T support in June 2024 arguably contributed to the stresses Mr T was experiencing at that time, and proposed a fairer compensation to reflect this would be £250.

I also noted the further £50 proposed by the Investigator related to NatWest's complaint handling and was therefore something that was outside the remit of this service to award.

### Responses to my provisional decision

NatWest responded to my provisional decision to disagree with the proposal on how to put things right. NatWest maintained it was unfair for the redress calculation to be worked out beyond June 2024 when NatWest had signposted available support to Mr T in June 2024 and this was what had been stated they should have done.

NatWest offered no other submissions in reply to my provisional decision by the deadline given.

Mr T replied to my provisional decision to say he did not think similar cases to his had been considered when setting out how to put things right. Mr T maintained his gambling transactions should be refunded.

Mr T also clarified he had used his overdraft in December 2023 and it was clear from January 2024 that he had insufficient funds to pay direct debits. Mr T submitted screenshots from his phone in support of this. Mr T also maintained NatWest should have realised he was gambling excessively when he could not make his direct debit payments.

### **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.

And having taken some time to again review Mr T's complaint and all the submissions from both parties, I have not been persuaded to depart from my provisional findings as I'll explain.

I realise this will disappoint Mr T as his circumstances have not been easy and I would like to assure Mr T of my careful considerations and that my findings here are not intended in any way to add to his difficulties, so it may help to remind both parties at this point that my role here is to reach a fair and reasonable outcome for both parties based on the evidence and submissions that have been made available to me.

Having considered both parties' responses to my provisional decision, I've not seen enough to alter my view of when NatWest could have reasonably stepped in to engage with Mr T about his account. That is, I think Mr T's usage of the overdraft shortly after being told it was going to be reduced, and that usage being more than double the proposed new overdraft limit, ought reasonably to have prompted NatWest to take a closer look at Mr T's account.

NatWest made no submissions on this point in reply to my provisional decision.

For Mr T's part, he referenced using his overdraft in December 2023. I thank Mr T for clarifying this, but I don't think this changes when I think NatWest could reasonably have stepped in to engage with him.

Mr T used his overdraft on 18 and 19 December 2023 up to £174.20, so this was comfortably within the overdraft limit at the time and the overdraft was then cleared and not used again until mid-February 2024. So I think it fair to say this wouldn't have flagged any concern to NatWest given Mr T, at that point, was using his overdraft as intended – as a short-term credit facility.

I've also considered Mr T's reference to a returned direct debit. I've considered his statements again and looked at the screenshots Mr T has most recently provided, but these aren't enough for me to be persuaded that NatWest should have stepped in any sooner than I proposed in my provisional decision either.

Mr T's screenshots do not reference the specific account, but even if I accept they are from the account in question, the majority of messages showing are for Mr T to verify transactions. I think it's reasonable to say these would not suggest someone was in financial difficulty, and I note that there is no record of Mr T disputing any of the transactions on his account.

And while there is one entry to say it had not been possible to pay something in January 2024, this appears to be the only occasion of this happening in January 2024. The next notice of being unable to make a payment is in May 2024, which is after the time I have already identified to say I think NatWest could reasonably have stepped in to support Mr T.

So I'm not persuaded to alter my findings that I think it would have been reasonable for NatWest to have looked more closely at Mr T's account when the overdraft limit reduction did not happen as planned.

NatWest's reply to my provisional decision has focused on their understanding that my provisional decision had upheld Mr T's complaint because NatWest had not signposted Mr T to any support in June 2024. However, this is only part of my considerations here.

In my provisional decision, after noting when it would've been reasonable in the circumstances for NatWest to have engaged directly with Mr T, I think this presented NatWest with the opportunity not only to engage with Mr T and let him know what support was available to him, but also review whether, given Mr T's circumstances and considering NatWest's obligations to lend responsibly, whether the overdraft (a form of credit) was still suitable for Mr T.

Mr T was overdrawn by £957.17 on 20 February 2024 – which, according to NatWest's processes meant they would no longer reduce the overdraft limit. But had they looked to consider what had caused the change in overdraft usage after notifying of the planned reduction, it would have quickly been apparent from Mr T's statements that Mr T was potentially vulnerable and potentially struggling financially.

On 21 February 2024 funds were paid into the account (£2,000) from a known short-term lender, bringing the account back into credit. I think it's reasonable to say this would have gone some way towards showing that Mr T was unlikely to be in a position of being able to repay the overdraft within a reasonable time, and that it could cause him financial harm if the facility remained in place for him.

I therefore think it fair to say that had NatWest considered whether it was responsible to lend to Mr T at that time, it would not have taken much to realise Mr T was not in the position to take on further lending, particularly given his two existing NatWest loans which I think it's reasonable to say NatWest would have known about.

At the time the overdraft was due to be reduced Mr T was in credit, so reducing the overdraft limit would not have impacted Mr T at that point in time as he was not using the overdraft facility. Therefore I think it fair to say NatWest ought to have removed the overdraft facility from Mr T's account at that time to avoid causing him financial harm.

Because of this I'm not persuaded the redress I proposed to rework Mr T's overdraft should be capped to June 2024.

I've considered Mr T's gambling transactions post February 2024 to decide whether there is anything to suggest these would more likely than not have happened if NatWest had removed his overdraft facility in June 2024, but on balance I've not seen enough to persuade me that this would have more likely than not prevented Mr T from gambling.

As I said in my provisional decision, it's not possible to know whether earlier signposting or support would have more likely than not helped Mr T. NatWest have shared they have measures in place for customers to set blocks on their own accounts (so as I understand it this would have been Mr T's responsibility to do this), and while I've considered Mr T has said he used the overdraft when he had no other options, this is not enough for me to say Mr T would not have been able to find a way of carrying out the transactions he wanted to make.

I acknowledge Mr T's situation is not an easy one, but I am also mindful that it would not be fair to look on this with hindsight, rather I have to consider what I think Mr T more likely than not would have done had NatWest's shortcoming not occurred. And on balance, there's not enough for me to say earlier intervention from NatWest would have prevented Mr T from making the transactions he wanted to make, and so while I am sorry to learn of the difficulties Mr T has faced, there is not enough here for me to say it would be fair for NatWest to refund any of the gambling transactions on Mr T's account.

For completeness, like our Investigator, I've also considered if NatWest acted unfairly or unreasonably in any other way, notably if there was anything to suggest the lending relationship may have been unfair under Section 140A of the Consumer Credit Act 1974. For the reasons I've explained I'm satisfied the redress I've directed below results in fair compensation for Mr T in the circumstances of his complaint and I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

## **Putting things right**

For the reasons above, NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY should put things right as set out below.

### *Overdraft facility*

Rework Mr T's overdraft to remove all interest, fees and charges applied from 27 February 2024 to date.

If the effect of this adjustment results in an outstanding overdraft balance then I would expect NatWest to work with Mr T to arrange a suitable way of repaying this outstanding balance and I would remind them of their responsibility to treat Mr T fairly, with forbearance and due consideration.

If the effect of this adjustment results in there no longer being an outstanding balance, then NatWest can treat any additional funds as overpayments and refund these to Mr T with 8% simple interest from the date they would have been made until the date of settlement.

It is my understanding there is no adverse information currently being reported to the Credit Reference Agencies (CRAs) in relation to this overdraft facility, so I can't see there has been any impact to Mr T in this regard. I would therefore simply remind NatWest of their responsibility to report accurate data to the CRAs and to treat Mr T fairly.

### *Compensation for distress*

To recognise that NatWest could have offered Mr T support in February 2024 and to recognise this delay of a few months would have contributed to Mr T's distress at that time, they should pay him £250.

I make no other award.

## **My final decision**

For the reasons above, my final decision is that I uphold Mr T's complaint and NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY should put things right as I've described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 30 July 2025.

Kristina Mathews  
**Ombudsman**