

The complaint

A company, which I will refer to as S, complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ('NatWest') unfairly demanded full repayment of its overdraft while a payment plan was in place. S also complains that NatWest did not take proper account of the vulnerability of its director, Mrs J, who was seriously ill at the time.

What happened

NatWest and Mrs J broadly agree about the actions the bank took here. The dispute is about whether NatWest behaved unfairly, and about how much compensation (if any) NatWest should pay to S.

NatWest told us:

- It wrote to Mrs J on 14 December 2023 to explain that S's existing £5,000 overdraft was due to expire on 1 January 2024. It said that if Mrs J wanted to renew the overdraft, a business review and affordability assessment would be necessary.
- Mrs J responded very quickly, on 18 December 2023, to explain that she was undergoing medical tests. She updated NatWest again on 31 December 2023 to explain that she needed an operation urgently, and to request that NatWest "keep the arrangement for the time being...I will continue to put money in the account until I am well."
- NatWest wrote to Mrs J on 11 January 2024 to express sympathy, and to say that it was transferring S's review to a specialist team "who will then be able to review your account with you with a view to renewing the overdraft when you feel more able to do so, and when you are not having to cope with something much more important".
- Despite several attempts to contact Mrs J during the first half of 2024, it was not able to reach an agreement with her about a payment plan for S's overdraft. It therefore issued a formal demand for S's overdraft on 13 July 2024.

One of our investigators looked at S's complaint, but she did not uphold it. She was satisfied that there was no agreement in place between S and NatWest for Mrs J to pay £50 a month (or any other amount) towards the overdraft. She was also satisfied that NatWest was entitled to demand repayment of the overdraft, and that it had done so fairly.

Mrs J did not accept our investigator's conclusions. Briefly, she said that our investigator had failed to take into account that for medical reasons she was unable to provide information to NatWest at the relevant time. She also said:

"I am looking for £10,000.00 in compensation for the harassment, non-compassionate manner, unprofessional and sheer unkind treatment from the NatWest staff and their complaints department in the handling of my case. As mentioned [previously] the [Financial Conduct Authority (FCA)] expressed that 3 of

the 6 principals of vulnerability were not taken into consideration and at the very least [the situation] was an entire mess and mismanaged.”

I issued a provisional decision on this complaint, and said:

“I am sorry to further disappoint Mrs J, but having considered all of the available evidence and arguments both parties have provided my provisional conclusions are:

- I cannot consider Mrs J’s complaint about the way NatWest handled this complaint, because complaint handling is not an activity we cover.
- I cannot take into account the distress that Mrs J suffered as an individual, because I only have the legal power to consider loss caused to the complainant company, S.
- I can consider S’s complaint that NatWest demanded repayment of its overdraft, but I do not intend to uphold that complaint because I consider that NatWest acted fairly.

I explain further below.

NatWest’s complaint handling

Mrs J told us:

“My most serious complaint is against [NatWest’s] Complaints Department represented by [Ms B] who has put me in this situation for which I seek compensation. She did not investigate or take into consideration the Bundle that I have sent to you at the Ombudsman and to the Financial Conduct Authority who advised that although I cannot be informed of the outcome that on 3 Principles of the FCA she has breached these.

[Ms B] got her facts and dates wrong, and when I tried to answer her inaccurate complaint to try to put her mistakes right, she answered me by advising that [the] complaint had been internally investigated and my business bank account would now be shut. This was totally unreasonable and unnecessary under my health circumstances.”

I acknowledge that Mrs J feels very strongly about what happened, and that she would like me to fully investigate exactly what it was that Ms B was doing. But that isn’t something that I have the power to do.

The Financial Ombudsman Service cannot consider all the complaints that are referred to us. There are rules, which are set out in full in the FCA’s Handbook (available online at <https://handbook.fca.org.uk/handbook>). One of those rules, DISP 2.3.1R, says that we can consider a complaint if it relates to one or more of the activities listed in that rule.

We can consider “regulated activities”, including the regulated activity of “accepting deposits” (which is an activity NatWest undertook when it offered a bank account to S). We can also consider complaints about “lending money” (subject to certain restrictions which are not relevant here), as well as complaints about “ancillary activities...carried on by [NatWest] in connection with [accepting deposits and lending money]”.

In principle, that means we can consider a complaint about the way NatWest treated a borrower in respect of an overdraft (subject to that borrower being an eligible complainant). We can also consider complaints about a bank's decision to close an account. But we cannot consider complaints that are about complaint handling. That means I do not have the power to consider a complaint about the adequacy of NatWest's investigation, nor can I consider whether Ms B made any mistakes during her investigation.

I realise that Mrs J has said that from her perspective, NatWest's poor complaint handling is the most serious aspect of this matter. But I have no discretion on this point, and I simply cannot consider a complaint about an activity that we do not cover.

Mrs J's distress

Mrs J has spoken eloquently about the distress that she has suffered personally as a result of the problems with S's overdraft. She has asked me to make an award of £10,000, in part because of the distress that NatWest's behaviour caused to her as an individual. But again, that is not something that I can do.

I only have the legal power to make an award in favour of somebody who is an "eligible complainant" according to our rules. A complainant will only be eligible if their complaint about the respondent firm arises out of one of the relationships listed in DISP 2.7.6R. Here, the only relevant relationship is that of "customer".

In this case, the limited company S is NatWest's customer in respect of the overdraft being complained about. S meets the relevant financial and headcount criteria, and therefore S is an eligible complainant in respect of this matter. But Mrs J is not. As an individual, she is not a customer of NatWest in relation to S's overdraft. The account belongs to S, not to Mrs J. Mrs J may well own shares in S, but Mrs J and S are nevertheless separate legal entities. I can only consider losses suffered by S. Our rules mean that I cannot consider any loss or harm suffered by Mrs J as an individual, and I cannot make an award for any unkindness NatWest displayed towards her. Again, I have no discretion on this point.

Limited companies like S are corporate bodies and are not capable of feeling emotions. That means that they cannot be distressed, and so in this case I do not have the power to make an award for emotional harm.

NatWest's formal demand

Ultimately, what happened here is that S did not pay NatWest the money that it owed. In principle, that means NatWest was entitled to issue a formal demand. But I have considered whether NatWest acted fairly when it did so.

I would like to reassure Mrs J that I have read and considered all of the evidence she has provided, but I have not responded in the same level of detail. I intend no discourtesy by that; it simply reflects the informal nature of the Financial Ombudsman Service.

I have noted Mrs J's disappointment that our investigator took a "holistic" view of the complaint, but I have nevertheless done the same thing. My role as an ombudsman is to identify what I consider to be the crux of the complaint before me, and then to determine that complaint by reference to what is – in my opinion – fair and

reasonable in the circumstances of that complaint. That means I will not necessarily comment on every point that a complainant or a respondent firm has raised.

I know this will be difficult for Mrs J to hear, but I think she has misunderstood the correspondence she has received from both the FCA and NatWest.

I have carefully reviewed Mrs J's email exchange with the FCA, but I cannot see anything in that exchange that suggests the FCA has criticised NatWest in any way. The FCA did outline some of its Principles – for example, it said that it expected firms like NatWest to treat their customers fairly; communicate information to consumers in a way which is clear, fair, and not misleading; and act to deliver good outcomes for retail customers. In my view, the correspondence is generic, and the FCA simply set out its general expectations of the firms that it regulates.

The FCA did not say anything that suggests to me that it had begun an investigation into Mrs J's concerns, and it did not say that it had concluded that NatWest had breached any of its Principles. On the contrary, the FCA said that under UK law the body with the power to adjudicate in relation to individual disputes is the Financial Ombudsman Service rather than the FCA.

So far as Mrs J's correspondence with NatWest is concerned, I have not seen evidence to show that there was an agreement between S and NatWest that S would pay £50 a month towards its overdraft in early 2024. There is plenty of evidence that Mrs J told NatWest that she intended to make payments of £50 a month, and similarly there is plenty of evidence that NatWest's staff acknowledged that Mrs J had stated that intention. But I cannot see an agreement between the parties. Instead, NatWest's staff simply said that they would pass on what Mrs J had said to the relevant team.

I can see that Mrs J did keep NatWest updated about her health, but she didn't answer all the questions NatWest asked. In particular, she didn't appear to be willing to speak to anybody who would ask her questions about S's income and expenditure. She has since suggested that she was not capable of answering any such questions at the time, and she has invited me to delay issuing a decision on this complaint until I have requested and reviewed her medical records.

I am not going to request Mrs J's medical records (although it is of course open to her to provide any evidence she thinks is relevant when she responds to this provisional decision). In considering whether NatWest acted fairly, I need to think about what NatWest knew at the time – and I don't think Mrs J had told NatWest anything to imply that she was medically unable to answer NatWest's questions. Even if Mrs J had been completely incapacitated, NatWest could not have taken that into account unless it knew that. I can see that at one stage NatWest was in contact with another representative of S, Mrs J's mother, and although the bank was told that Mrs J was unwell it was not told that she would not be able to contact the bank at all for many months.

I can see that Mrs J did tell NatWest in April 2024 that she would be in touch again when she was "walking again and better". But I can't see that she told NatWest that she was unable to provide information due to being medically unfit. In addition, NatWest did not have actual knowledge of when Mrs J would be fully recovered – and it was not willing to wait indefinitely, given that it did not have the information it wanted about S's financial position. I consider that it was reasonable for NatWest to have attempted to contact S (through Mrs J) even though it knew that Mrs J was unwell.

In considering complaints, I am required to take into account what I consider to be good industry practice. In my view, good industry practice requires a bank like NatWest to have information about a debtor's income and expenditure before agreeing any repayment or forbearance plan. NatWest did not have that information in this case – because neither Mrs J nor any other representative of S had provided it – and so I do not criticise NatWest for failing to agree a payment plan with S.

Mrs J has suggested that the medical evidence that NatWest did have should have made it obvious that she wasn't able to provide information about S's finances. I accept that the medical evidence the bank had, together with the other evidence available to it, made clear that S couldn't afford to immediately repay the entire overdraft. But that does not in itself mean that none of S's representatives could provide any information to the bank, and I don't think it would be fair for me to expect NatWest to have made that assumption. Ultimately NatWest waited about six months before sending its formal demand, and I think that was reasonable in all the circumstances.

Overall, I consider that NatWest treated S fairly in this matter.”

Mrs J did not accept my provisional decision. Briefly, she said:

- She considers that her entire complaint does fall within my jurisdiction. She has carefully collated all the relevant information in support of her case, and she considers that I am simply using a weak excuse to try to get away from the most important points she has raised.
- NatWest unfairly demanded full repayment of S's overdraft during a period when she was unable to operate her business due to severe ill health. She can provide proof of her ill health if necessary.
- NatWest behaved in an entirely unacceptable way. The report produced by its complaint handler was badly written and included both factual and grammatical errors.
- She is due compensation for the awful treatment she has experienced from NatWest. It is a “slap in the face” for an investigator to say they are taking a holistic approach to her case when she has take the time to provide every scrap of relevant information.
- She disagrees with my comment that “despite several attempts to contact Mrs J during the first half of 2024, [NatWest] was not able to reach agreement [on a payment plan]”. She considers that comment makes her sound evasive, which she was not.
- She has submitted a transcript of her conversation with NatWest, which she considers shows clearly that there was a verbal agreement in place for a payment of £50 a month towards S's overdraft.

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 done so, I have come to the same conclusions as I did in my provisional decision, for the same reasons. I now confirm those provisional conclusions as final. But I will make some additional comments below.

Whilst I have considered everything Mrs J has said, I have not commented on every one of her points. It's clear that she has spent considerable time referring this matter to the Financial Ombudsman Service, and I am sorry that she finds my approach discourteous. That is not my intention; it simply reflects the informal nature of the Financial Ombudsman Service. I am not required to comment on everything that the parties have said. Instead, where a complaint falls within our jurisdiction my role is to reach an outcome that I consider fair and reasonable in all the circumstances. Where a complaint falls outside our jurisdiction, my role is to explain why that is. In doing so, I will concentrate on what I consider to be the key parts of the complaint.

I know that Mrs J strongly disagrees with me, but I remain satisfied that her complaint about NatWest's complaint handling falls outside of our jurisdiction. Complaint handling is not an activity we cover, and so I simply have no power to investigate the issue. That isn't something I have a choice about; I have no discretion on this issue.

Similarly, I have no power to make an award to Mrs J for any distress that she suffered. I recognise that the circumstances that led to this complaint have been very difficult for Mrs J. Both Mrs J and her family members have suffered health issues, and I thank her for her openness with us. But I have to remember that the overdraft at the centre of this dispute was the overdraft of the limited company S, not Mrs J's personal overdraft. That means NatWest's customer in respect of this matter is S, not Mrs J, and so I can only make an award in respect of any losses suffered by S. As a limited company, S is not capable of having emotions or feeling distress.

Put another way, I cannot make an award for Mrs J's distress because she is not the complainant. I cannot make an award for S's distress because the company was not distressed. So, I have no power to make any award for any distress suffered by anyone in connection with this matter.

I would like to reassure Mrs J that I have carefully considered all of the evidence she submitted to us, including the transcript she provided in response to my provisional decision. But I do not agree with her interpretation of that evidence. My view is that Mrs J told NatWest that she intended to make payments of £50 a month, and that NatWest's staff acknowledged that Mrs J had stated that intention. Having done so, I cannot see an agreement between the parties. Instead, NatWest's staff simply said that they would pass on what Mrs J had said to the relevant team. I am not persuaded that NatWest ever reached an agreement with Mrs J or with S to accept £50 a month.

My final decision

My final decision is that I do not uphold this complaint against NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 19 November 2025.

Laura Colman
Ombudsman