

## The complaint

Mrs I complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY charged her interest and charges for the use of the overdraft of her NatWest current account.

## What happened

Mrs I has held a NatWest current account with an overdraft facility for a number of years. Mrs I previously had a plan with NatWest to reduce her overdraft limit. Mrs I reduced the limit to £2,695 but stopped reducing it further after the birth of her child.

In September 2024, Mrs I said she delivered a letter to her local branch. The letter asked NatWest to write off the outstanding balance of her account and refund the interest and charges applied to her account within the last six years. Mrs I said the interest of around £70 per month plus charges had worsened her financial situation.

Mrs I said NatWest didn't respond to her letter so she referred her complaint to our service. NatWest said it had correctly applied charges to Mrs I's 'Select Platinum' account correctly in line with the terms and conditions of her account and she should contact its financial difficulties team to discuss how it could help her. NatWest apologised for not responding to Mrs I's September 2024 letter sooner.

One of our Investigators recommended Mrs I's complaint be upheld. NatWest disagreed, saying it would be unfair for Mrs I to receive interest-free lending compared to other customers who paid interest for their overdrafts. At NatWest's request, this complaint was referred for a decision. Having considered the complaint, I issued a provisional decision on 10 September 2025. My provisional findings were as follows:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*I note NatWest has responded with arguments about whether this complaint is within our jurisdiction. Mrs I has complained only about the interest and charges applied for her overdraft usage within the six years prior to her complaint in September 2024. Mrs I hasn't complained about interest or charges applied more than six years before her complaint, and she hasn't complained about NatWest's decision to lend to her. So, I'm satisfied I have the power to consider Mrs I's complaint about the interest and charges applied for the overdraft usage of her current account from September 2018 onwards.*

*I've reviewed Mrs I's account usage from September 2018 to September 2024, when she complained to NatWest. First, I can see Mrs I was charged monthly for her Platinum account. Mrs I hasn't complained about her Platinum account or that it wasn't suitable for her, so I haven't considered whether NatWest was right to continue charging her for the Platinum account package.*

*During this time her account generally operated within the agreed overdraft limit. Mrs I was*

*receiving regular credits to her account and continued to make use of the overdraft facility. I note there were regular unpaid transaction fees of less than £3. NatWest added Mrs I signed up to its online and mobile banking services and it sends messages highlighting if a payment is due and the account has insufficient funds. It is ultimately for Mrs I to ensure she has sufficient funds in her account to meet any commitments, such as direct debits. Given one transaction fee a month was charged, and Mrs I used her card frequently for different types of transactions, this appears to be a small proportion of her spending and not an obvious indication of financial difficulties.*

*As I've said above, Mrs I was generally keeping within her agreed overdraft facility and making good use of it. NatWest also wrote to Mrs I at regular intervals about her overdraft and I can't see that she ever contacted NatWest to ask for assistance with the overdraft or altered them to her financial difficulties. Mrs I was aware that NatWest had suggested she reduce her overdraft, and NatWest has provided sample copies of letter it says it would have sent to Mrs I, which would have explained the cost of the overdraft and offered her a gradual limit reduction. I understand Mrs I felt unable to reduce her limit further, but it doesn't appear to be in dispute that she was aware of the assistance NatWest could offer if she wanted it. As I don't think it was clear to NatWest that Mrs I was in financial difficulties, I don't think it was obliged to offer further assistance. I accept other banks might have offered Mrs I a refund of interest and charges but that doesn't mean NatWest is obliged to.*

*The terms and conditions of Mrs I's account set out the overdraft is interest-bearing. As this account continued to be used and was operating within its agreed overdraft limit, I don't think it was unreasonable for NatWest to continue to apply interest in line with the terms and conditions of the account. Asking NatWest to refund interest and charges paid on the overdraft would effectively mean asking NatWest to let Mrs I operate outside of the terms and conditions that apply to their other customers' accounts and borrow money at no cost to her over a long period. As this is an interest-bearing overdraft, a bank would normally only permanently suspend interest or charges if the account is closed or recorded as in default. So, I don't think NatWest was obliged to offer to refund or waive interest or charges.*

*I realise my decision will likely to disappoint Mrs I, but I've seen no evidence to suggest NatWest wasn't entitled to charge the interest and charges applied to her account. So, I have not recommended NatWest refund any interest or charges.*

*NatWest has apologised and paid Mrs I £100 compensation for not responding to her September 2024 letter. I think this fairly recognises the impact of its mistake. I've not seen any other errors in NatWest's handling of Mrs I's complaint that I think warrant compensation."*

Mrs I didn't accept my findings. In summary, she reiterated that NatWest didn't respond to her letter of September 2024, which included a request to clear her overdraft as well as refunding charges. Mrs I said she was contacted four times over the phone by NatWest and she said she'd call back the following week. Instead, NatWest proceeded to issue its final response in February 2025, which she didn't think was sufficiently detailed or considered her circumstances. Mrs I added NatWest hadn't offered her a loan that would've been cheaper than an overdraft.

Mrs I was also unhappy NatWest only offered her repayment plans for her overdraft, which she has emphasised was significant. Mrs I reiterated the credits to her account were benefit payments. Mrs I said she didn't want to be compared to other customers and it was fair that interest and charges were refunded, alongside her overdraft being cleared. Mrs I felt NatWest had not abided by its Consumer Duty to treat her fairly. Finally, Mrs I mentioned a loan that she took out in 2013.

## **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, my provisional decision remains unchanged. I'll briefly address Mrs I's response to my provisional decision, in line with the informal nature of our service.

Mrs I feels NatWest has not acted in line with its Consumer Duty, which came into effect on 31 July 2023. Some of the interest and charges Mrs I complains about occurred before the Consumer Duty came into effect. Instead, I considered the applicable laws, rules and regulations that were relevant before 31 July 2023. Before issuing my provisional decision, I took into account the Consumer Duty when considering NatWest's actions from 31 July 2023 onwards.

Having taking into account the applicable rules and regulations prior to issuing my provisional decision, I remain of the view that NatWest was not obliged to refund the interest or charges Mrs I has asked for, or clear her overdraft. As I said in my provisional decision, Mrs I was making use of her overdraft but she was generally staying within her limit. Whilst the credits were from benefits, this doesn't change the fact that Mrs I was continuing to receive an income into the account and her account was operating within the agreed limits. In my provisional decision, I mistakenly said Mrs I didn't 'alter' NatWest to her financial difficulties, but this should have read as Mrs I didn't 'alert' NatWest to her financial difficulties and I apologise for this typographical error. As Mrs I didn't respond to NatWest's letters about her overdraft usage, I don't think it should reasonably have been alerted to the financial difficulties she says she was experiencing. And without proactive engagement on Mrs I's part, it's not clear what assistance NatWest could have offered at the time.

Even if NatWest should have been aware Mrs I was experiencing financial difficulties, it doesn't mean NatWest is obliged to suspend or refund interest or charges, particularly where an account is still in use. Normally, these are suspended permanently only where an account is no longer in use and has been defaulted. Instead, NatWest would have been entitled to offer an overdraft repayment plan at an affordable rate for Mrs I (which it appears to have been prepared to offer as it had offered this previously. Mrs I says she couldn't have afforded to reduce her overdraft because of the interest and charges, but as she didn't discuss this option with NatWest at the time, we don't know what the terms or benefits of any plan might have been.

In response to my provisional decision, Mrs I reiterated that NatWest didn't respond to her letter of September 2024, which included a request to clear her overdraft as well as refunding charges. As I said in my provisional decision, I think NatWest's offer of £100 for not responding to the letter is reasonable in the circumstances. Even if NatWest had responded to Mrs I's letter, it wouldn't have offered to clear her overdraft or refund charges, so it's likely Mrs I would always have escalated her complaint to our service. Mrs I has confirmed NatWest has already paid her £100 compensation, and I don't think it's obliged to pay her any further compensation for this issue.

It doesn't appear that Mrs I has previously complained to NatWest that it didn't wait a week for her to call them back before issuing its final response. NatWest has been very clear it wasn't prepared to refund any interest or charges, or clear her outstanding balance owed, so it's not clear what difference a call would have made here. And bearing in mind Mrs I had already referred her complaint to our service, and she was unhappy with the delay in responding to her September 2024 letter, it's not clear that NatWest acted unreasonably by avoiding further delays and proceeding to issue its final response. In any event, I wouldn't be

able to consider a complaint about NatWest's complaints handling itself, as I can't consider complaints about NatWest's complaints handling.

I note Mrs I's comments about NatWest's final response, but I think it explained clearly that it wouldn't refund interest or charges and I think its decision was reasonable for the reasons set out in my provisional decision.

Mrs I complains that NatWest wouldn't allow her to have a loan with a lower rate of interest than her overdraft. Mrs I hasn't provided evidence to show she previously raised this issue with NatWest. NatWest didn't identify any previous requests for assistance and Mrs I has instead confirmed she didn't contact NatWest to discuss her financial circumstances. As this issue hasn't been raised previously, I've not considered it as part of this complaint. Mrs I has also mentioned a loan she took out in 2013. This issue wasn't raised as part of this complaint so I've not considered it here.

### **My final decision**

NatWest has already paid Mrs I £100 compensation in relation to this complaint and I make no further award.

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

Victoria Blackwood  
**Ombudsman**