

The complaint

Miss E complains that National Westminster Bank Public Limited Company ("NatWest") applied charges and interest on an overdraft facility unfairly when she was in financial difficulties.

What happened

Miss E complained to NatWest in 2023 to say that her account had been mis-sold and that she should not have been given an overdraft. She was also unhappy with the level of charges and interest that had been applied to her overdraft over the years.

NatWest said that it had already dealt with a complaint about the account opening and overdraft in 2016, when she raised a complaint about it then. It said it wouldn't look to revisit those issues again. It said based on the 2016 complaint it was satisfied Miss E was aware of a cause for complaint about her overdraft charges so it wouldn't look at any interest or charges that had been applied more than six years ago. It said it was satisfied any charges and interest applied in the last six years had been added fairly.

I sent Miss E and NatWest my provisional decision on 18 July 2025. I explained why I didn't think the complaint should be upheld. I said:

Miss E appears to accept we can only consider her complaint about the charges and interest that have been applied in the six years prior to her making the complaint in 2023. For completeness, I'm satisfied that is the only complaint issue I have jurisdiction to consider.

NatWest were required to regularly monitor Miss E's overdraft usage and where it identified potential for financial difficulties it ought to have taken relevant steps to assist her. Like the investigator, I agree that by early 2021, Miss E had been consistently overdrawn for a significant period of time. NatWest appears to have noticed this too at the time as it has provided evidence to demonstrate it wrote to Miss E highlighting her overdraft usage and encouraging her to reach out for help if she was struggling.

NatWest says that despite repeated communications Miss E didn't reach out for help. But just because a consumer doesn't reach out for help it doesn't automatically mean the lender ought to assume everything is fine and not take further action. In certain circumstances it would be appropriate for the lender to take additional steps where it's clear a consumer is struggling but is not engaging with the issue.

Having reviewed Miss E's overdraft usage, I'm not persuaded that her specific circumstances required NatWest to do anything more. I say this because although Miss E was consistently using her overdraft, there appears to be no other obvious signs she was struggling or in financial difficulty.

I note Miss E's income was around £700 per month and the overdraft limit was £1,100. However, there was very little essential living expenditure on the account.

For example, Miss E did not appear to be paying rent, utilities or any other bills except for a mobile phone contract and occasionally a small amount towards a credit card. Her income therefore comfortably exceeded her essential living expenditure (at least from what was evident on the account statements).

It follows that Miss E could have repaid the overdraft in a relatively short period of time had she chosen to do so. It seems her decision to spend her disposable income elsewhere was the cause of the account remaining overdrawn. It wouldn't be reasonable to say NatWest ought to do something to put things right if Miss E was choosing to remain overdrawn.

This is further demonstrated by the fact that Miss E was transferring over 10% of her monthly income into savings accounts. In my view, this demonstrated that she was of the opinion she had disposable income available to her. Further, whenever large lump sums of cash were deposited into the account, she quickly transferred it out to other accounts in order to bring her balance back to zero. She then borrowed from the overdraft again for what appeared to be mainly non-essential spending.

For these reasons I can't fairly conclude that NatWest ought to have done more. While Miss E was borrowing from the overdraft, I can't see there was evidence that the borrowing was due to financial difficulty or that she wouldn't be able to repay the borrowing reasonably quickly if she chose to do so.

NatWest accepted that outcome, but Miss E didn't respond.

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.

As neither party has provided any further comments or evidence, I've seen no reason to reach a different outcome to the one I reached in my provisional decision. For the reasons I set out, I don't think NatWest needs to do anything to put things right.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 9 September 2025.

Tero Hiltunen
Ombudsman