

The complaint

Mr A complains National Westminster Bank Public Limited Company lent to him unfairly when they approved his applications to increase his overdraft limit and failed to adequately monitor his use of the overdraft.

What happened

Mr A complains about NatWest's lending decisions below, and their failure to adequately monitor his use of his overdraft. He's complained about NatWest's actions from October 2018, onwards.

Date	Previous limit	New limit
25 April 2019	£2,500	£3,000
18 September 2019	£3,000	£5,000
15 November 2019	£5,000	£6,000

NatWest looked into Mr A's concerns and issued their final response not upholding his complaint. They explained their affordability checks suggested Mr A's overdraft limits were affordable, and due to regular credits into his account, he generally stayed within his overdraft limits. Mr A remained unhappy, so he brought his complaint to our service.

Our Investigator felt Mr A's complaint should be upheld. While she felt it was fair for Mr A's credit limit to be increased in April 2019, she felt his management of his account meant NatWest ought to have intervened by September 2019. So, she said NatWest should refund interest and charges on Mr A's overdrawn balances that went beyond his £3,000 limit.

NatWest disagreed with our Investigator, so Mr A's complaint was passed to me for a decision.

I issued my provisional decision on 8 August 2025. I explained I felt Mr A's complaint should be upheld from April 2019 because NatWest ought to have seen keeping the overdraft in place was likely to cause him harm. Both parties had until 22 August 2025 to respond.

Mr A accepted my provisional decision, but NatWest didn't. NatWest said they didn't think Mr A's complaint was one we could investigate because more than six years had passed since their credit relationship with him began.

NatWest's response hasn't changed my decision because my decision has only addressed NatWest's actions in the six years prior to Mr A raising his complaint i.e. their lending decisions and monitoring of his overdraft from October 2018 onwards. I haven't considered anything before that point.

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 considered everything, I'm upholding Mr A's complaint for the reasons below.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. This is something NatWest is familiar with, and I've used this approach to help me decide Mr A's complaint.

While NatWest was expected to ensure their lending was affordable, they were also expected to ensure the lending was sustainable and unlikely to cause Mr A harm. They were also expected to monitor and review Mr A's overdraft usage, at least annually, during the period of time complained about.

An overdraft was initially added to Mr A's account in January 2011. So, I would have expected Mr A's account to be reviewed by January each year. Given the period I've been asked to investigate started in October 2018, I've had to consider what NatWest's January 2019 review would have shown before I consider their subsequent lending decisions.

I've reviewed Mr A's statements for the three months prior to the January 2019 review, and having done so I think there were enough signs to indicate an overdraft might not have been suitable for Mr A's circumstances in the long term. That's because, throughout that period (October to December 2018) Mr A was consistently using his overdraft, and predominantly at the upper end of his limit. In addition to this, he was spending the majority of his monthly income on gambling transactions.

Mr A using his overdraft in this way ought to have indicated to NatWest that keeping the overdraft in place might not be sustainable and that it could cause him harm – particularly given his overdraft limit was over double his monthly income. I've noted that NatWest has said Mr A had regular credits paid into his account. However, in the three-month period I reviewed ahead of the renewal date, those credits didn't repay his overdraft in full. It's also important to remind NatWest that gambling winnings aren't guaranteed, so I don't consider it would be reasonable to consider them as a form of income when determining if lending should be approved or kept in place.

Mr A's statements also show he took out a high-cost loan in December 2018. And not only did this not clear his overdraft, some of those funds were also used for gambling. A similar pattern of spending was also seen after just over £5,000 was deposited into Mr A's account at the end of December 2018. While this meant Mr A's account was in credit in January 2019, his level of gambling didn't reduce. So, by the January 2019 renewal, I do think NatWest should have been aware that giving Mr A access to borrowing could potentially cause him harm. However, as he had a healthy credit balance at that point, I do think it would have been premature to intervene as drastically as removing Mr A's overdraft in January 2019.

When Mr A applied to increase his overdraft limit in April 2019, I appreciate NatWest's normal checks wouldn't have picked up on his gambling spend. But given what they ought to have identified from their recent review in January, I think this should have alerted them that additional checks would have been warranted to determine if it was responsible to lend. And had NatWest carried out further checks, they would have realised Mr A was once again utilising the majority of his existing overdraft limit – and his pattern of spending (including gambling transactions) had contributed to this. If that had been taken into consideration, I consider the only reasonable conclusion would have been that it wasn't responsible to continue to give Mr A access to the overdraft facility – let alone increase his limit. So, I do think Mr A's complaint should be upheld from April 2019 because his pattern of spending and money management wasn't in line with the intended use of an overdraft.

I've also considered whether NatWest acted unfairly or unreasonably in some other way given what Mr A has complained about, including whether their relationship with Mr A might have been unfair under s.140A Consumer Credit Act 1974.

However, because I am upholding Mr A's complaint already for the reasons I have explained, I don't think I need to make a finding on this. I believe the redress I have suggested below results in fair compensation for NatWest in the circumstances of this complaint.

My final decision

My final decision is that I'm upholding Mr A's complaint about National Westminster Bank Public Limited Company.

To put things right, National Westminster Bank Public Limited Company should:

- Re-work Mr A's current overdraft balance so that all interest, fees and charges applied to it from April 2019 onwards are removed.

AND

- If an outstanding balance remains on the overdraft once these adjustments have been made NatWest should contact Mr A to arrange a suitable repayment plan for this. If they consider it appropriate to record negative information on Mr A's credit file, they should backdate this to April 2019.

OR

- If the effect of removing all interest, fees and charges results in there no longer being an outstanding balance, then any extra should be treated as overpayments and returned to Mr A, along with 8% simple interest on the overpayments from the date they were made (if they were) until the date of settlement. If no outstanding balance remains after all adjustments have been made, then NatWest should remove any adverse information from Mr A's credit file. †

† HM Revenue & Customs requires NatWest to take off tax from this interest. NatWest must give Mr A a certificate showing how much tax they've taken off if he asks for one.

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

Sarrah Turay
Ombudsman