

The complaint

Mrs W complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (NatWest) irresponsibly provided her with an overdraft.

What happened

Mrs W held a bank account with NatWest. In July 2024, NatWest approved Mrs W's application for an overdraft and provided her with an initial limit of £5,000.

In July 2025, Mrs W complained. She said NatWest had failed to carry out the appropriate checks required before granting her the overdraft. She said that had they done so, it would've been clear to them that the overdraft would have been unaffordable for her.

NatWest responded. They said they carried out an assessment to check the affordability of the overdraft facility for Mrs W. This included taking information directly from Mrs W regarding her income and regular expenditure, along with her credit commitments to calculate her disposable income. They also completed credit scoring which informed them whether or not the application could be approved. They said the results of these checks showed no adverse information recorded against Mrs W's credit file, and having reviewed the credit scoring, there was nothing that caused them any concern over Mrs W's ability to repay.

Mrs W remained unhappy with NatWest's response. She said she shouldn't have been approved such a high limit, and that NatWest should've seen she had recently taken out two credit cards prior to the overdraft being granted. So she brought her complaint to our service.

An investigator considered Mrs W's complaint but didn't recommend it be upheld. She said she was satisfied that:

- NatWest carried out proportionate checks before agreeing to provide Mrs W with an overdraft;
- Their checks hadn't revealed anything to suggest the overdraft was, or would be, unaffordable for Mrs W;
- NatWest sent Mrs W a number of letters, setting out the risks associated with repeat usage, and spoke about support options available should she need them;
- Overall, there wasn't sufficient evidence to support Mrs W's view that NatWest had acted irresponsibly.

But Mrs W remained unhappy and requested a decision on the matter. So, the case has been passed to me, an Ombudsman, to decide.

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.

When looking at overdrafts, as with most lending decisions, the rules that apply set out that businesses are required to carry out a proportionate assessment to check that a customer can afford to repay the sums borrowed sustainably. These checks need to be borrower focussed, so they should take into account the impact the lending will have on a customer, and they should consider the customer's ability to repay what they have borrowed in a sustainable manner.

What makes a check proportionate will vary depending on factors such as, the amount being borrowed; the total sum repayable and the size of the regular payments; the duration of the agreement; and the consumer's individual circumstances, amongst others. There's no set list of checks a lender must complete, instead, lenders are required to consider the broad points set out above when deciding what's reasonable and proportionate.

If necessary, maybe as a result of something uncovered in their checks, lenders may be required to do more, such as looking to verify a borrower's income or obtaining a more detailed picture of their circumstances. That could be by reviewing bank statements, for example. But it's important for me to stress that verification – or requesting bank statements or payslips – isn't an obligation, but something that might be appropriate dependant on the circumstances of the case. More information about how we consider irresponsible lending complaints can be found on our website, if Mrs W wishes to review it.

When Mrs W applied for her overdraft, NatWest carried out a credit search as well as taking into account information provided by Mrs W. They recorded Mrs W's declared income at around £3,000 per month. They also noted her regular expenditure to be just over £1,000 a month - this consisted of around £800 a towards her general living expenses, as well as £270 in payments towards credit commitments. Based on this, they recorded that Mrs W had a disposable monthly income of around £1,900.

In addition to the income and expenditure assessment NatWest completed, they also ran a credit check. The credit check highlighted no concerns, and noted that there was no adverse information recorded against Mrs W's credit file. This included no record of any defaults, CCJ's or bankruptcy records. Based on the credit score they obtained, and the information Mrs W provided at the time of the application, NatWest determined the limit provided would be affordable for Mrs W.

Fundamentally, given an overdraft is a type of revolving credit facility, NatWest needed to consider whether Mrs W could repay the amount she could owe within a reasonable period of time. Looking at the information NatWest obtained from the credit checks they carried out, and the disposable income they suggested Mrs W would have had available to her - at around £1,900 a month - I think that at the time of the lending, the checks carried out by NatWest were proportionate, and I don't think it was unreasonable for them to have concluded that an overdraft with a limit of £5,000 would have been affordable for her.

While affordable at the time of the lending decision, NatWest also had a responsibility to ensure the overdraft continued to remain affordable. They have explained that they would normally do this by completing an annual review.

Given the short amount of time Mrs W has had the overdraft for, it appears that the first annual review is yet to have been completed. So, I've also thought about whether there was any obligation on NatWest's part to step in sooner and provide support.

While it may be necessary to step in sooner in certain circumstances – for instance, where it's clear a customer is really struggling – from reviewing Mrs W's bank statements, I've not

seen anything that would have given NatWest any real cause for concern. To the contrary, despite Mrs W utilising the full limit of the overdraft in the early months, around November and December 2024 she was generally running her account balance at less than £1,000 in debit, and on occasions she was running a credit balance on her account. Also, while I can see on occasions Mrs W was running her account balance near her overdraft limit, I can't see that she was regularly exceeding the limit or showing signs of being in financial difficulty that may have required NatWest to step in sooner.

I'm pleased to see that Mrs W has said that since the investigator's opinion, she has reached out to NatWest, who have refunded some charges and frozen her interest for a couple of months. I'm pleased to see that NatWest are working with Mrs W to provide support. I would encourage Mrs W to keep open lines of communication with NatWest about any ongoing difficulties she is experiencing, and I would encourage NatWest to continue support Mrs W in this respect moving forward.

While I'm sorry to hear this matter has caused Mrs W a lot of stress, and she has pointed out that she is now in a difficult financial position, I don't think the information available to NatWest at the time of her application would've required NatWest to have carried out more detailed checks. And, from what NatWest did see, there was nothing to suggest that they should have been concerned about Mrs W's ability to repay the overdraft - by Mrs W's own admission, her credit file at the time the loan was taken out, showed that while she had previous debt accounts, most of these had since been settled.

So, while I appreciate this will come as a disappointment to Mrs W, from the evidence I've seen, I'm not persuaded that NatWest lent irresponsibly to Mrs W, and therefore, I'm not instructing them to do anything further in the circumstances.

Finally, I've also considered whether the relationship between Mrs W and NatWest might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think NatWest lent irresponsibly to Mrs W, or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I don't uphold Mrs W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 12 December 2025.

Brad McIlquham
Ombudsman