

The complaint

With the help of a professional representative (PR), Mr M complains that National Westminster Bank Public Limited Company lent to him irresponsibly. For ease, I'll refer to the PR's actions as being those of Mr M.

What happened

Mr M has had an overdraft on his account with NatWest for many years as follows:

Date	Event	New limit
2 September 2008	New Limit	£2,300
15 January 2009	Limit increase (LI) 1	£6,000
14 April 2009	LI2	£7,500
Sometime in 2013	Limit decrease	£2,500
1 June 2022	LI3	£4,000

On 21 June 2024, Mr M complained to NatWest. He said the relationship between him and the bank was unfair as described in Section 140A of the Consumer Credit Act 1974 (s.140). He said this was because the bank had failed *"to take into account patterns of reliance on debt and hardcore borrowing"* and if it had undertaken *"a proper credit assessment, it would have been clear to [NatWest] that [Mr M] was not able to afford the overdraft"*. To resolve the complaint, Mr M asked NatWest to refund all interest and charges - plus interest at 8% - and an amount for distress and inconvenience. He said all adverse information relating to the overdraft should be removed from his credit file.

NatWest looked into Mr M's complaint and issued a final response letter. It said in view of the time elapsed, it no longer had details of his applications for the overdraft limits other than LI3. But it said that when he applied for LI3, Mr M said he earned £5,150 per month and he provided details of his expenditure which showed he was able to afford the overdraft. It also carried out a review of his credit file and was satisfied with what it saw. It felt it had lent fairly to Mr M and didn't uphold his complaint.

Mr M was unhappy with NatWest's response, so he referred his complaint to our service. Our investigators looked into it. They noted there had been many large payments into the account, which included transactions involving Mr M's business account and ranged from £5,500 to over £80,000. They asked Mr M for an explanation of the transactions, but he couldn't respond at the time. Ultimately our investigators felt that Mr M's personal account performance was too linked to his business account to enable them to make a finding that the lending was unfair. They didn't uphold the complaint.

Mr M didn't agree with our investigators view so, as there was no agreement, the complaint has been passed to me 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.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website and I've taken this into account in deciding Mr M's case.

There are time limits for referring a complaint to the Financial Ombudsman Service, and NatWest thinks this complaint was referred to us too late. Our investigators explained why they didn't, as a starting point, think we could look at a complaint about the lending decisions that happened more than six years before the complaint was made. But they also explained why it was reasonable to interpret the complaint as being about an unfair relationship as described in s.140, and why this complaint about an allegedly unfair lending relationship had been referred to us in time.

For the avoidance of doubt, I agree with our investigator that I have the power to look at the complaint on this basis. I think this complaint can reasonably be considered as being about an unfair relationship as Mr M says the interest and charges were more than he could afford which may have made the relationship unfair as he was unable to reduce the debt. I acknowledge NatWest still doesn't agree we can look at this complaint, but as I don't think it should be upheld, I don't intend to comment on this further.

The rules lenders must follow say that when assessing a customer's creditworthiness, they must consider the customer's ability to repay the agreement "*within a reasonable period*" from income or assets. For overdrafts, the rules also say that lenders must monitor accounts to identify customers with actual or potential financial difficulties and what they should do to support customers in those circumstances.

I've seen that over the years, Mr M's overdraft limit has reached as high as £7,500 – significantly higher than would be granted for most customers. Mr M has a personal and business relationship with NatWest which may be a reason for such a high limit.

As our investigator noted, there are numerous large payments between his personal and business accounts. Following my involvement, Mr M has now provided more background to some of the large credits seen on the account. These included monies from a house sale and pension money, as well as director's loans and money for family expenses. Many of these receipts were transferred to another account in Mr M's name or to his business.

In order to try to get a clearer picture of just his personal circumstances, I have asked Mr M to provide copies of his business account statements as well as the other account to which there have been several transfers. Unfortunately, despite providing more time, these statements haven't been provided. I've therefore assessed the complaint on the basis of what we do have.

While I don't have a full picture of his financial situation, I note Mr M's current account is of a type NatWest aims at high-net-worth individuals. In order to qualify for the account, the customers must have an income in excess of £100,000 paid into the account, or significant savings / investments with the bank, or a large mortgage. Mr M qualifies for this account.

I've thought about whether Mr M's repeated use was as a result of actual or potential financial difficulty. I don't think simply using an overdraft is sufficient to say that a bank ought to do more. The rules give examples of what might indicate financial difficulty such as – but not limited to - evidence of an inability to pay essential bills (such as utility bills), consecutively failing to meet repayments and discussions about entering into a debt management plan.

Having considered all the information provided, I can't safely conclude that NatWest has lent to Mr M irresponsibly or treated him unfairly. I say this because based on the evidence I have, I can't say that Mr M would be unable to repay his overdraft within a reasonable period if he was called upon to do so.

I've not seen anything which makes me think Mr M was or is experiencing financial difficulty - or that he's at risk of experiencing financial difficulty - such that NatWest ought to have intervened.

For the reasons I've already given, I don't think NatWest lent irresponsibly to Mr M or otherwise treated him unfairly in relation to this matter.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 February 2026.

Richard Hale
Ombudsman