

The complaint

Mr G complains about the way that National Westminster Bank PLC (“NatWest”) administered his joint current account. He says he was given incorrect advice that affected his access to credit.

What happened

Mr G had a joint current account with his wife. In late 2024 he told NatWest they were divorcing and that he wanted to close the account. NatWest said it couldn’t do that without her consent – something he couldn’t arrange at the time. So NatWest said it would put an operational stop on the account. Mr G said he was told that would mean that money couldn’t be transferred in or out of the account. Once the operational stop was in place, he said the account was no longer visible online or in its app.

The joint account had a £2 monthly fee. Mr G said NatWest told him that the fee would no longer be applied to his account.

Unfortunately the £2 monthly fee continued to be applied to the account. That meant that the account went into an unarranged overdraft. Mr G complained that NatWest reported the unarranged overdraft to the credit reference agencies (“CRAs”). After that an application Mr G made for a new credit card was declined. So Mr G wasn’t able to obtain a 0% balance transfer offer and had to pay additional interest on his existing credit card. Mr G also said he was declined credit to buy a fridge freezer over six months and that the credit limit on his existing NatWest credit card was reduced. He was very annoyed about that, so Mr G complained to NatWest.

In its May 2025 final response NatWest accepted that it hadn’t given Mr G clear and correct advice when he spoke to it in late 2024. It apologised for that and said it would remove the adverse information from Mr G’s credit file. NatWest awarded Mr G £229.10 in total for what happened. £210 of that money was paid to Mr G’s account.

Mr G wasn’t satisfied by that, so he complained to the Financial Ombudsman Service. He didn’t think the compensation offered fairly reflected the impact of what had happened on him.

Our investigator looked into what had happened. She considered the available evidence (including NatWest’s assertion during the investigation of this complaint – despite what it had said in its final response - that it didn’t report adverse information about the unarranged overdraft to the CRAs).

Our investigator was satisfied that NatWest had reported the unarranged overdraft to the CRAs and removed the adverse information in May 2025 as it said it would in its final response. She appreciated that Mr G’s access to credit was impacted in early 2025. But she wasn’t satisfied that NatWest was solely responsible for that. She said that was because Mr G had a high amount of unsecured borrowing with a number of lenders in early 2025. Mr G was close to the credit limits on some of his borrowing and had a high value mortgage with a substantial monthly repayment. She said his access to credit could’ve been impacted

by those factors.

However, our investigator said that NatWest should pay Mr G more money to resolve this complaint. She recognised that Mr G had been caused a significant amount of distress and inconvenience by NatWest. She could see that he'd had to go to extra lengths to get NatWest to accept it had recorded adverse information with the CRAs, and that had caused him added worry and stress. She said that NatWest knew that Mr G was trying to rebuild his life after the breakdown of his marriage. She thought that if it had acknowledged it had recorded the adverse data on Mr G's credit file sooner, Mr G would have suffered less distress and inconvenience. So she said that NatWest should pay Mr G £450 compensation in total. In other words, it should pay him an additional £240 on top of the £210 it had already paid him.

NatWest accepted our investigator's view but Mr G didn't. He didn't think the compensation offered was enough. He told us that the reduction in his access to credit has had a significant detrimental impact on his finances and that he thinks that if NatWest had done what he wanted it to do (close the joint bank account in late 2024) he'd be in a much better financial position today.

Mr G went on to provide us with evidence to show that after NatWest removed the adverse information from his credit file in May 2025 he was able to obtain a six-month instalment plan to pay for goods from a retailer in July 2025 and that he was able to get a new credit card in September 2025. He said that demonstrated the impact of NatWest's actions on him.

Our investigator considered that information but it didn't change her mind. She still didn't think that NatWest was solely responsible for Mr G not being able to get all the credit he wanted in early 2025. In a second view on the complaint she said that the credit card Mr G was able to obtain in September 2025 was a 'credit building' credit card. In other words, it was with a provider that specialised in offering credit to customers looking to build their credit scores. It wasn't taken out with a standard lender such as the lender he had tried to get a credit card with earlier in 2025. She said it wasn't clear why NatWest had reduced the credit limit on his existing credit card in early 2025 and that the six-month instalment plan Mr G was able to obtain in July 2025 was of a different nature to the credit card he'd tried to get in early 2025.

Mr G remained unhappy and asked for his complaint to be considered by an ombudsman. So it has been passed on to me for a final decision.

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, I've reached the same conclusion as our investigator. I'll explain why.

I'll begin by saying that the crux of this complaint now comes down to how Mr G should be compensated for what happened. Mr G feels strongly that NatWest should do significantly more to compensate him. Amongst other things, he wants the £14,000 credit limit on his NatWest credit card restored and for it to give him a 24-month balance transfer product – something he thinks he would have got but for NatWest's actions in relation to this complaint.

I appreciate Mr G's strength of feeling about what happened. However, it's not clear from the evidence provided that the difficulties Mr G experienced getting the credit he wanted in early 2025 resulted solely from the adverse information NatWest recorded. Although I think it's

likely that the information NatWest recorded had an impact on Mr G's access to credit, I can't be sure how much impact it had on different lenders with different business models and risk appetites. Mr G has provided us with a copy of his credit file dated 21 July 2025. Having considered that, I think there was other information on it that those lenders would have taken into account before they decided whether they wanted to lend to him. For example, Mr G's credit file showed that his monthly mortgage repayments were late in March and April 2025. And I can see that Mr G had a high amount of unsecured borrowing with a number of lenders in early 2025. His high credit utilisation is also likely to have been a factor.

Like our investigator, I'm not satisfied that Mr G's success getting access to new credit after May 2025 demonstrates that it was the adverse information that NatWest recorded that was solely responsible for the problems Mr G had. As our investigator said, Mr G was able to pay for goods using a six-month instalment plan after that and obtain a 'credit building' credit card in September 2025 with a specialist lender. That's not the same as getting a credit card from a standard lender. And it doesn't appear that Mr G has been able to get a 24-month 0% balance transfer product since NatWest removed the information it had recorded on his credit file. That suggests that there were still factors on Mr G's credit report that affected his ability to get credit after NatWest removed the adverse information in May 2025.

In the circumstances, I think £450 compensation is a fair and reasonable amount to resolve this complaint. That's in line with awards this service would make where a business' mistake has caused considerable distress, upset and worry and significant inconvenience that needed a lot of effort to sort out. I think that's what happened here.

For completeness I'll cover NatWest's decision to reduce the credit limit on Mr G's NatWest credit card in March 2025. Recently NatWest told us it used internal software to make that decision. It said the decision wasn't made as a result of the unarranged overdraft. Instead it was made because there were late payments on Mr G's account in the months before that decision was made, and because he had a high amount of existing borrowing at the time. NatWest provided evidence to back up what it said. In response Mr G said that he didn't miss the relevant payments and he said his wife was responsible for one of them.

I understand Mr G's position and the impact of the reduction in the credit limit on him. But having considered the relevant information I can't say that NatWest acted unreasonably when it reduced the credit limit on Mr G's existing credit card in March 2025. Like most credit card issuers NatWest was permitted to reduce customers' credit limits in certain circumstances when it thought it was appropriate to do so. In this case I'm persuaded that NatWest has provided a valid reason for why it took the action it did.

Conclusion

I appreciate that Mr G is likely to be disappointed by this decision. It's clear he wanted NatWest to do considerably more to resolve this complaint - including reinstating the higher credit limit on his NatWest credit card and offering him a 24-month 0% balance transfer to match the offer he thinks he could have obtained in early 2025 if NatWest's hadn't made a mistake. However, I don't think that would be fair and reasonable here for the reasons set out above.

Putting things right

To put matters right NatWest should pay Mr G £450 compensation.

My final decision

My final decision is that National Westminster Bank PLC should pay Mr G £450 in total to

resolve this complaint.

As it has already paid him £210 of that amount, it should pay him an additional £240.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 17 March 2026.

Laura Forster
Ombudsman