

The complaint

Miss M complains that National Westminster Bank Public Limited Company (“NatWest”) returned funds to her account after she had made three payments and which gave her the impression she had more money in her account than she actually did. Miss M went on to use this money which caused her to exceed her overdraft limit.

Miss M also complains about receiving information from NatWest in another person’s name. However, I won’t be considering this aspect as NatWest has already dealt with that complaint, apologising and taking the appropriate data security action and providing Miss M with £250 in compensation which she has accepted.

What happened

Miss M has a NatWest current account and on 3 October 2025 made three payments from her account totalling £263.78. Later the same day Miss M reported her NatWest debit card lost. The effect of reporting the card lost caused NatWest to subsequently make the three pending payments to the retailer manually as the payments were guaranteed. This delayed the payments Miss M had previously made from leaving her account until 7 October 2025 and although were shown as pending, did impact what was showing as her available balance.

On 7 October 2025 Miss M complained to NatWest that it had returned the payments to her account which caused her to believe she still had funds available to spend and which she spent. When the payments did eventually leave her account, this resulted in her exceeding her overdraft limit.

On 15 October 2025, NatWest issued Miss M with a final response letter (“FRL”). Under cover of this FRL, NatWest explained that when Miss M had made the payments, they had gone into a pending status which meant they were deducted from her available balance but not fully debited from the account. NatWest explained that these transactions can take up to three working days for the retailer to process the payment. NatWest explained that as the retailers didn’t take the payments within three working days and which caused the funds to become available in Miss M’s balance, when the retailers did subsequently present the payments, as the card had been reported lost, these had to be completed manually. NatWest explained it was a consumers responsibility to monitor transactions through their account to ensure all payments that have been made are debited and it didn’t uphold Miss M’s complaint.

As Miss M wasn’t happy with NatWest’s FRL, she brought her complaint to our service.

Miss M’s complaint was considered by one of our investigators who didn’t uphold it, coming to the view that NatWest had treated Miss M fairly.

Miss M didn’t agree and so her complaint has been passed to me for review and 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 can confirm that I've reached the same conclusion as our investigator for broadly the same reasons and I don't think NatWest needs to do anything else.

I'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I've got is incomplete, unclear or contradictory, I've to base my decision on the balance of probabilities.

Did NatWest do anything wrong?

In investigating Miss M's complaint, I think the chronological sequence of events is important.

Miss M made three payments to three different companies, including towards a loan on 3 October 2025 and then the same day reported her debit card for the account lost. As the retailers didn't present the amounts within three working days and as the card had subsequently been reported as lost, NatWest had to do this manually and which it did on 7 October 2025.

NatWest has explained that when payments such as the ones Miss M made take place, it can take up to three working days or longer. In this case, we know the funds didn't leave Miss M's account until 7 October 2025 and this is evident from looking at her statement covering that day.

I've listened to the call recordings from 7 October 2025 and 16 October 2025 when Miss C contacted NatWest. During the call on 7 October 2025, Miss C explained she realised she had a negative balance the night before but when she found a credit balance the following morning, she made further transactions. She said she thought the funds in her account had come from a DWP payment but in reality, this situation had occurred as the funds from the three transactions on 3 October 2025, didn't physically leave her account until later on 7 October 2025 after being temporarily returned. So although Miss M may have thought she had some unexplained additional funds in her account which she went on to spend, in fact she didn't and this then caused her to exceed her overdraft limit. And had Miss M suspected that she had credit on her account on 7 October 2025 possibly from a DWP payment, I think the onus was on her to check before she spent the money. And had she done so in these circumstances, she would have seen that there was in fact no DWP or other payments into her account and that whilst she may have genuinely thought she had funds to spend, in fact she didn't.

Miss M has also kindly provided us with a number of screenshots from the retailers in question. One lending retailer that Miss M had paid £231 to has confirmed that this payment was received on 3 October 2025 but from my understanding that isn't correct as the actual payment didn't leave her account until 7 October 2025. But where there is any confusion as

to what funds a consumer may have in their account, I think it is incumbent on them to check the status of pending transactions to ensure situations like the one Miss M found herself in doesn't happen.

NatWest has also explained to us that Miss M made a similar complaint to it in May 2025 and so should be aware that transferred payments can be delayed and will show as pending. I think NatWest makes a valid point here and I think Miss M should have realised she didn't have the funds that she thought she did. One way of checking would have been to check her online banking statements to see what transactions had in fact left her account.

So I think on balance, Miss M should have realised that pending funds can be released and not fully debited from her account until up to three working days. So whilst the payments may have been deducted from the available balance but not fully from her account, when Miss M reported her card lost and the retailers hadn't requested the funds within three working days, it had the effect of returning the payments to her account. And NatWest then had to manually process the payments given that the debit card had been reported lost by Miss M.

So on balance, I don't think NatWest did anything wrong when it temporarily returned the payments to her account after Miss M had reported her card stolen and subsequently debited her account manually. So it follows, as I don't think NatWest did anything wrong I won't be asking it to do anything else.

I appreciate that Miss M will be unhappy with this outcome as I can see she feels strongly about this issue. But I hope she can understand why I've come to the outcome I have and she feels her concerns have been listened to.

Did NatWest treat Miss M unfairly in any other way?

Miss M has disclosed to us a sensitive personal medical condition. I'm sorry to hear how this has impacted her in what must be challenging circumstances. But I haven't seen any evidence that Miss M made NatWest aware of this until she made her complaint. So I can't say NatWest treated Miss M unfairly if it wasn't aware of Miss M's vulnerabilities. Although I'm not upholding Miss M's complaint, I'd like to remind NatWest of its ongoing responsibility to treat her with forbearance and due consideration moving forward.

My final decision

My final decision is that I don't uphold Miss M's complaint against National Westminster Bank Public Limited Company.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 29 April 2026.

Paul Hamber
Ombudsman