

The complaint

NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (“NatWest”) provided Miss B with an overdraft in September 2015, with a limit of £100. I understand there were no increases to this limit. Miss B complains that the overdraft was provided irresponsibly and that NatWest failed to act on clear indicators of financial vulnerability.

What happened

I won’t repeat all the facts here, as those aren’t in dispute. I have reviewed the entire file and if I don’t comment on something, it isn’t because I haven’t seen it - it’s that I haven’t deemed it relevant here. I mean no discourtesy by this, it’s merely to reflect the informal nature of our service.

In summary, Miss B says NatWest provided her with an overdraft, which she regularly relied on and couldn’t clear. She says her account showed repeated overlimit use, frequent gambling transactions, high borrowing and consistent signs of financial distress. Miss B says at the time, she was dealing with serious personal challenges, including domestic abuse, mental health issues and a gambling addiction. She says NatWest failed to act on clear indicators of financial vulnerability and breached its obligations under FCA rules and principles, the Consumer Duty and Section 140 of the Consumer Credit Act 1974.

Because the parties couldn’t agree, the matter 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.

Having done so, whilst I appreciate this will disappoint Miss B, I’m not upholding her complaint – and I’ll go on to explain why.

I note the potential time limit jurisdiction issues that apply to Miss B’s complaint. Due to concerns about this, I can see it was agreed between Miss B and our Investigator that this service would consider her complaint about her overdraft account for the past six years only. So, I’ve focused my decision on this. In any event, as our Investigator pointed out, it appears Miss B didn’t start incurring any interest or charges for using the overdraft until 2021.

Overdrafts are generally intended for short-term emergency borrowing. NatWest had an obligation to monitor the overdraft facility to ensure it remained affordable and that Miss B could repay the debt within a reasonable period of time. I’ve reviewed the available statements to understand whether NatWest ought to have stepped in and taken corrective measures.

Having done so, I haven’t seen evidence that Miss B was overly reliant on her overdraft or otherwise using it in a way that was harmful. When she did use her overdraft, she usually brought her account back into credit fairly quickly. As our Investigator has pointed out, Miss B exceeded her limit on occasion, but this happens infrequently, generally by small amounts,

and she brings her account back into credit soon after. I couldn't see any other obvious signs of financial difficulty on Miss B's account.

But even if Miss B was relying heavily on her overdraft, relative to her income I'm satisfied she'd be able to pay it off within a reasonable time and without undue difficulty. The limit was low, at £100, and there were also large regular incoming credits showing on Miss B's account, all well in excess of the overdraft limit.

I've also considered whether NatWest ought to have recognised the serious personal challenges Miss B was experiencing at the time, including domestic abuse, mental health issues and a gambling addiction. I'm very sorry to hear about what Miss B was going through and I can appreciate this would have been a very difficult period for her. I've considered matters carefully, but in the circumstances of this case, I don't think Miss B's situation would have been obvious to NatWest – and nor do I think it failed to act on any clear signs of vulnerability.

I say this, in part because of what I've explained above – in that I don't think it was apparent Miss B was mismanaging her overdraft, in the way she's suggested. But also, because, having reviewed Miss B's statements, whilst there was some evidence of gambling, I don't think it was to the extent that I'd say NatWest ought to have stepped in. And, I haven't seen anything that ought to have made NatWest aware that Miss B was experiencing domestic abuse nor mental health issues.

Looking at Miss B's transactions to gambling websites, they were for a short, sustained period in 2022, with some very limited gambling in 2023. So, I don't think the gambling transactions evident on Miss B's statements ought to have caused NatWest concern and certainly not to the extent I would have expected it to have proactively contacted Miss B about it.

Miss B does have large transfers going in and out of her account and it isn't clear if this is related to her gambling. But because these were on a regular basis and had been, as far back as 2019, I don't think this was unusual activity for Miss B's account. And therefore, not necessarily something that would have been reasonably flagged by NatWest. It also isn't clear what the source of these additional credits are. But I wouldn't necessarily expect NatWest to have carried out the level of analysis needed to uncover this. It wasn't obligated to do so and when the account was in and out of a credit balance, this appeared to show an overdraft being utilised as intended – for short-term use. In any event, as I said above, Miss B's employment income alone was well in excess of the overdraft limit at £100.

I accept that Miss B's situation was worse than what was visible through how she was managing her account and overdraft. But it wouldn't be fair and reasonable for me to say that NatWest ought to have realised this or that any harm Miss B experienced was foreseeable to NatWest, for the reasons explained. Overall, I don't think NatWest ought to have stepped in and contacted Miss B nor taken corrective measures.

Miss B has also raised the Consumer Duty, FCA principles and Section 140 in relation to her complaint. I've had these in mind when considering Miss B's complaint but for the reasons explained, I don't think NatWest has acted unfairly towards her, 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 Miss B to accept or reject my decision before 8 April 2026.

Sophie Kyprianou
Ombudsman