

The complaint

Miss W complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (“NatWest”) failed to identify and act upon clear signs of financial harm and vulnerability.

What happened

Miss W holds a current account with NatWest. In August 2025, she complained to the bank and set out how she felt it hadn’t supported her, nor acted in-line with its duty to prevent foreseeable financial harm. Miss W said her struggles with gambling in particular had led to significant losses; she said she’d also taken out payday loans at high rates of interest. To resolve her complaint, Miss W said she wanted NatWest to refund around £26,000 in gambling losses and about £1,000 in payday loan interest and charges; Miss W also requested interest on those amounts, plus suitable compensation and a full explanation as to why the bank hadn’t intervened.

NatWest didn’t uphold Miss W’s complaint. In response, it said that it didn’t routinely monitor individual customer accounts; Miss W hadn’t made it aware of any additional support needs she may have, but it did offer support which she could access. Moreover, NatWest explained that it cannot block certain gambling transactions – like those made to or from operators outside of the United Kingdom, for example.

Miss W referred her complaint to this Service; an Investigator here considered what had happened and, having done so, they thought Miss W’s complaint should be upheld. In summary, they said that NatWest ought to have identified vulnerabilities and potential for financial harm when it had carried out its annual review of Miss W’s overdraft in October 2024. The Investigator said the bank should have acted upon the clear signs of financial trouble – like a reliance on payday loans, and significant gambling transactions.

To put things right, the Investigator didn’t recommend the redress Miss W had requested. Instead, they recommended that NatWest re-work Miss W’s overdraft, so all interest, fees and charges applied from October 2024 were removed. Following that, if a balance remained then NatWest should work with Miss W to arrange a repayment plan; on the other hand, if the re-work resulted in Miss W having made overpayments, then that money should be returned to her along with 8% simple interest.

NatWest accepted our Investigator’s findings, but Miss W didn’t. She reiterated that her complaint wasn’t about irresponsible lending; rather, it was about NatWest failing to intervene in what she believed to be clear signs of financial distress. Miss W maintained that a fair resolution to her complaint was to be reimbursed for her gambling losses, the interest and charges she’d paid to payday loan companies, along with everything else she’d requested.

Our Investigator reconsidered, but they didn't change their mind. They said, to paraphrase, that it's unlikely NatWest would've seen the extent of Miss W's financial situation until it reviewed her overdraft usage in October 2024. At that point, it should've intervened. That doesn't mean, though, that Miss W's losses – or any other costs, for payday loans, for example – should be reimbursed.

Miss W asked for an Ombudsman's decision. As no agreement has been reached, her complaint has now 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.

At the outset, I'll say that I know without doubt just how strongly Miss W feels about what's happened here – and I'm truly sorry to read of the situation she's described. There's no question she's been through a difficult time. So, before I cover anything else, I'd certainly encourage Miss W to reach out to organisations which can provide support and advice if she hasn't already done so; our Service will be happy to pass on contact details of such groups, if Miss W would like them.

Moreover, and before addressing the merits of Miss W's complaint, I want to be clear that I do understand the matter she's brought to us. She's not complaining about irresponsible lending or unaffordability; rather, Miss W's concern is the lack of intervention from NatWest when, in her opinion, she was displaying obvious and easily identifiable signs of financial vulnerability. I understand why she may have been confused by our Investigator's view of her complaint, given some of their opinion focussed on irresponsible lending, so I'll explain below why that was a consideration.

Broadly speaking, in deciding what's fair and reasonable in all the circumstances of the complaint, I'm required to take into account relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and where appropriate, what I consider to be good industry practice at the time. Miss W asserts that NatWest should have done more to support her and act upon what, in her view, was clear and obvious concerning behaviour. Given it didn't, Miss W doesn't consider NatWest to have adhered to some of those principles which I've referred to.

On the other hand, NatWest has said it wasn't aware of Miss W's struggles with gambling; it didn't know about her neurodivergence diagnosis either, and it doesn't generally monitor day-to-day activity on customer accounts. So, the crucial point to examine here is whether NatWest ought to have seen Miss W's behaviour, realised it was concerning and potentially harmful, and intervened.

I've thought very carefully about that and, on balance, while this will be disappointing for Miss W, I don't think NatWest had discernible cause to intervene; that is at least until it conducted its annual review of her overdraft. I say that for several reasons; first, NatWest wasn't aware at the time – even broadly – that Miss W was battling with gambling, or that she'd been diagnosed with a condition which increases her risk of encountering gambling problems. There's nothing which indicates Miss W told NatWest about these matters before she made her complaint to it.

Alongside that, looking at the gambling transactions themselves, it's clear there were a great deal; lots of money moved through Miss W's account which was directly related to gambling. That said, as NatWest has explained, it doesn't routinely monitor day-to-day activity. It may review things with more scrutiny if there are potential fraud concerns raised by its customer, for example, or its internal fraud detection systems are triggered, but that doesn't apply here. There wasn't indication of fraudulent activity.

The volume of transactions wouldn't necessarily be reason for the bank to intervene either, particularly if the payments are masked in some way. I think that's very likely the case here; the significant majority of gambling transactions which Miss W engaged in probably wouldn't immediately be identifiable as gambling payments. That's because most, from what I've seen, were to offshore merchants, and it's highly plausible that the merchant codes those operators used wouldn't have alerted NatWest to the true nature of the transaction. Unfortunately, that's not something NatWest can control. I can't fairly hold the bank responsible for merchants who might deliberately disguise merchant codes, or who generally act in a way that allows them to prey on vulnerable people. It does mean, though, that the bank likely wouldn't have known the scale of the problem for Miss W.

Additionally, Miss W's account wasn't demonstrating the general signs of financial difficulty. For the most part, it ran with a healthy balance – and on the occasions the account did go overdrawn, it wasn't for long. Things were quickly brought back in line, and I haven't seen that the account went into an unarranged overdraft either.

Overall then, in the round, I don't think it's clear – or more likely than not – that NatWest would or should have seen reason to intervene. It follows, with everything I've set out in mind, that I don't think the bank is responsible for Miss W's gambling losses. To be clear, I'm not at all saying that Miss W *wasn't* acting in a concerning way; she was, that's evident from her behaviour at the time. It's just that here, in these circumstances, I'm not persuaded NatWest would've seen or been alerted to reason to intervene. It's highly likely that the bank was simply unaware of the extent of Miss W's actions, and the general conduct of her account, and that isn't a failing for the reasons I've explained.

That awareness ought to have changed, though, when NatWest carried out its annual review of Miss W's overdraft. Broadly, NatWest needed to periodically review Miss W's overdraft without simply automatically renewing the facility; that's largely to ensure it wasn't providing credit irresponsibly. Banks generally do that annually and, for much the same reasons as our Investigator, I think NatWest ought to have intervened at the point of its annual review in October 2024.

By that point, it was clear Miss W had developed a reliance on payday lending. Putting that alongside the significant gambling transactions, which *then* the bank would (or should) have seen as part of its review, I think it had reason to step-in. NatWest has accepted that, and it's agreed to offer the redress we'd expect in such situations. I think it's right that it does so; and given the bank has agreed to it I won't interfere. But in all the circumstances here, I don't think NatWest needs to provide the redress Miss W seeks and reimburse her gambling losses – or any other costs she associates with it.

As a final point, I'll mention that I have noted how Miss W considers her complaint here to be the same as another she's found; the complaint she's referred to was upheld by this Service in a final decision, and that decision directed the respondent business to reimburse the complainant for some of their gambling losses. I see why Miss W views her circumstances to be the same, but I have to be clear that each case is determined on its own merit. No two cases are identical and, although there may be similarities, the circumstances of the case that Miss W has found and her own are entirely unique. Also, and just generally speaking here, I'm not bound by the findings of another Ombudsman or decision. So, I don't consider

the other complaint Miss W has referenced to make any difference to my review here.

In closing, what I've said will no doubt be significantly disappointing for Miss W. While I am going to uphold the complaint, it's certainly not the redress Miss W will be hoping to receive. I'm sorry about that, and I really do hope that things have improved for her; I appreciate how difficult this matter has been, and the outcome of this decision is in no way meant to minimise the impact it has had on her. That said, it's for the reasons I've explained that I don't think NatWest should reimburse her for gambling losses or the other costs she's cited. Rather, NatWest should:

- Rework Miss W's overdraft so that all interest, fees and charges applied to it from October 2024 are removed,

AND

- If an outstanding balance remains on the overdraft once these adjustments have been made, NatWest should contact Miss W to arrange a suitable repayment plan for this. If it considered it appropriate to record negative information on Miss W's credit file, it should backdate this to October 2024. NatWest can also reduce Miss W's overdraft limit by the amount of any refund if it considers it appropriate to do so, as long as doing so wouldn't leave her over her limit.

OR

- If the effect of removing the relevant interest and charges results in there no longer being an outstanding balance, then any extra should be treated as overpayments and returned to Miss W along with 8% simple interest* on the overpayments from the date they were made (if they were) until the date of settlement. If no outstanding balance remains after all the adjustments have been made, then NatWest should remove any adverse information from Miss W's credit file. NatWest can also reduce Miss W's overdraft limit by the amount of refund if it considers it appropriate to do so.

*HM Revenue & Customs requires Lloyds to take off tax from this interest. Lloyds must give Miss W a certificate showing how much tax it has taken off if she asks for one.

Finally, I'll emphasise that now NatWest does know of Miss W's situation, it must ensure that it's treating her with due care and offering appropriate support going forwards.

My final decision

My final decision is that I uphold Miss W's complaint. NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY should settle the matter in the way outlined above, which it's already agreed to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 27 February 2026.

Simon Louth

Ombudsman