

Complaint

Mr and Mrs H have complained about the overdraft charges National Westminster Bank Public Limited Company (“NatWest”) applied to their current account. They’ve said the charges were unfair and kept them overdrawn for an extended period of time.

Background

There has been an overdraft of £250 on Mr and Mrs H’s current account since at least December 2013. In February 2025, Mr and Mrs H complained saying that they were allowed to continue using the overdraft in a way that was unsustainable and which caused them continued financial difficulty. NatWest didn’t uphold Mr and Mrs H’s complaint.

When Mr and Mrs H’s complaint was referred to our service, NatWest said Mr and Mrs H had complained too late. One of our investigators reviewed what Mr and Mrs H and NatWest had told us. She reached the conclusion that we could look at the entire period Mr and Mrs H had their overdraft for, but she wasn’t persuaded that NatWest had acted unfairly and didn’t recommend that the complaint be upheld. Mr and Mrs H disagreed and asked for an ombudsman to look at their complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Basis for my consideration of this complaint

There are time limits for referring a complaint to the Financial Ombudsman Service. NatWest has argued that Mr and Mrs H’s complaint was made too late, because Mr and Mrs H complained more than six years after the overdraft was provided as well as more than three years after they ought reasonably to have been aware of their cause to make this complaint.

Our investigator explained why it was reasonable to interpret the complaint as being one alleging that the lending relationship between Mr and Mrs H and NatWest was unfair to Mr and Mrs H as described in s140A of the Consumer Credit Act 1974 (“CCA”). She also explained why this complaint about an allegedly unfair lending relationship had been made in time.

Having carefully considered everything, I’ve decided not to uphold Mr and Mrs H’s complaint. Given the reasons for this, I’m satisfied that whether Mr and Mrs H’s complaint was made in time or not has no impact on that outcome.

I’m also in agreement with the investigator that Mr and Mrs H’s complaint should be considered more broadly than just the individual charges or lending decisions. I consider this to be the case as Mr and Mrs H have not only complained about the circumstances behind the application of the individual charges, but also that NatWest’s failure to act during the period they allege it ought to have seen they were experiencing difficulty caused hardship.

I'm therefore satisfied that Mr and Mrs H's complaint can therefore reasonably be interpreted as a complaint that the lending relationship between themselves and NatWest was unfair to them. I acknowledge the possibility that NatWest may still disagree that we are able to look at Mr and Mrs H's complaint but given the outcome I have reached, I do not consider it necessary to make any further comment or reach any findings on these matters.

In deciding what is fair and reasonable in all the circumstances of Mr and Mrs H's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Mr and Mrs H's complaint can be reasonably interpreted as being about that their lending relationship with NatWest was unfair to them, relevant law in this case includes s140A, s140B and s140C of the CCA.

S140A says that a court may make an order under s140B if it determines that the relationship between the creditor (NatWest) and the debtor (Mr and Mrs H), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of their rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship. S140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given Mr and Mrs H's complaint, I therefore need to think about whether NatWest's actions in allowing Mr and Mrs H to use their overdraft in the way that it did, resulted in the lending relationship between Mr and Mrs H and NatWest being unfair to Mr and Mrs H, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove any such unfairness.

Mr and Mrs H's relationship with NatWest is therefore likely to be unfair if NatWest allowed Mr and Mrs H to continue using their overdraft in circumstances where it ought reasonably to have realised that the facility had become unsustainable or otherwise harmful for them. And if this was the case, NatWest didn't then somehow remove the unfairness this created. I've therefore considered Mr and Mrs H's complaint in this context.

Did NatWest unfairly allow Mr and Mrs H to continue using their overdraft in a way that was unsustainable or otherwise harmful for them?

Before I go any further, I want to be clear in saying that I haven't considered whether the various amounts NatWest charged over the years were fair and reasonable, or proportionate in comparison to the costs of the service provided. Ultimately how much a bank charges for services is a commercial decision. And it isn't something for me to get involved with. That said, while I'm not looking at NatWest's charging structure per se, it won't have acted fairly and reasonably towards Mr and Mrs H if it applied these interest, fees and charges to Mr and Mrs H's account in circumstances where it was aware, or it ought fairly and reasonably to have been aware Mr and Mrs H were experiencing financial difficulty.

So I've considered whether there were instances where NatWest didn't treat Mr and Mrs H fairly and reasonably. In other words, I've considered whether there were periods where

NatWest continued charging Mr and Mrs H even though it ought to have instead stepped in and taken corrective measures on the overdraft as it knew Mr and Mrs H were in financial difficulty or it ought to have realised this was the case. I've looked through Mr and Mrs H's account statements for the period I have them.

Having done so, I don't think that NatWest ought reasonably to have taken unilateral corrective measures in relation to the overdraft during the period I've looked at. It's fair to say that Mr and Mrs H did use their overdraft. They might say this in itself was an indication NatWest ought to have taken action and I know that Mr and Mrs H have referred to their usage as being problematic.

However, the limit on this account was extremely modest at £250. And the real reason why this account has been overdrawn is because Mr and Mrs H chose to transfer a substantial amount of funds out of the account to another one in their name and leave this one overdrawn not because of the overdraft charges themselves. I think it's fair to say that Mr and Mrs H's transactions on this account is the main reason for it being overdrawn given any objective issues with them being able to afford the overdraft. Given this is the case, and I've not seen anything persuasive to show that Mr and Mrs H couldn't afford to repay £250 within a reasonable period of time, I'm not persuaded that it was unfair for NatWest to have added the charges that it did on the account.

Overall, and based on the available evidence I don't find that Mr and Mrs H's relationship with NatWest, in respect of this overdraft, was unfair. It's not clear enough to me that NatWest created unfairness in its relationship with Mr and Mrs H by irresponsibly lending to them initially, or in respect of the way it allowed them to use the overdraft. I don't find NatWest treated Mr and Mrs H unfairly in any other way either based on what I've seen.

So while I can understand Mr and Mrs H's sentiments and appreciate why they may be unhappy, I'm nonetheless not upholding this complaint. I appreciate this will be very disappointing for Mr and Mrs H. But I hope that they'll understand the reasons for my decision and that they'll at least feel their concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr and Mrs H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 23 March 2026.

Jeshen Narayanan
Ombudsman