

## **The complaint**

Miss C is a sole trader. She complains that National Westminster Bank Public Limited Company unfairly removed her business overdraft and put her bounce back loan (“BBL”) into default.

## **What happened**

The bank has told us:

- Miss C had a business overdraft facility. In 2024, they agreed to renew it temporarily with a limit of £16,300 for three months, whilst they monitored her business’ performance.
- When the temporary overdraft expired in August 2024, they weren’t prepared to renew it. They made several attempts to contact Miss C to discuss repayment. Things were also put on hold for a period while a complaint was investigated.
- In April 2025, they issued formal demands for repayment in full of the overdraft and the bounce back loan. They then transferred both to their Recoveries department.

Miss C has told us:

- NatWest sent her a backdated letter dated 30 October 2024 saying her overdraft limit was being removed on 25 October 2024, thereby giving her no opportunity to bring her account into order before it took effect.
- The wording of this letter was threatening and caused her immense stress, exacerbating her health conditions.
- She was forced to take a BBL repayment holiday because NatWest froze her business current account, from which payments were made.
- This led to her incurring additional interest as well as the bank recording a default for non-payment of interest (which the bank had made impossible).
- She repeatedly asked NatWest to let her make loan payments from her personal account but they refused.
- Eventually, a member of NatWest staff in a branch helped her set up a standing order from her personal account to the BBL to make the payments, which she had been doing since July 2025.

One of our investigators looked into the complaint, but didn’t recommend upholding it. Miss C disagreed and asked for an ombudsman’s decision. She made detailed submissions for the ombudsman on 22 January 2026.

## **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'm sorry to disappoint Miss C, but I'm not going to direct NatWest to take any further action. Whilst I acknowledge they made an error in their 30 October letter, I don't think this resulted in Miss C being treated unfairly. And I don't think they were otherwise at fault. I'll explain why below.

Before I begin my explanation, I'd like to thank Miss C's submissions regarding her health, which I have considered carefully in reaching this decision. I'm sorry to hear she's going through such a difficult time and I don't doubt it has made the events of this complaint much harder to deal with. Despite my natural sympathy for Miss C's circumstances, I am required to be impartial when I look at her complaint. That means I need to consider everything both parties have provided before I make my final decision.

### **Did NatWest act fairly in removing Miss C's business overdraft?**

First, I think Miss C may have mistaken some of NatWest's summaries of what she has said in her complaints as acceptance of her version of events. Specifically, I don't agree that the bank accepted in their letter of 13 December that incorrect information had been given. In fact, they said "After extensively reviewing our records, I'm unable to locate any record to suggest you called us and we advised the account was in credit and everything was fine".

Miss C has described NatWest's actions as "unlawful" but I'm afraid I don't agree. It's not in dispute that the bank made an error in their letter of 30 October. But I think it's important to see this in the context of what had preceded it. Miss C ought reasonably to have been well aware, in my view, that her committed overdraft had expired in April and had been renewed only on a temporary basis until 1 August 2024.

The bank's records indicate that they reminded Miss C of the expiry date in a phone call in June 2024 and I see no reason to doubt this. They then made numerous attempts in August and September to discuss repayment with her. This included phone messages and texts and twice booking telephone appointments, which she then cancelled. I can see one cancellation was due to ill health, but on the other occasion she said she was too busy. I therefore don't think I can reasonably conclude that Miss C was unaware that her overdraft facility had expired.

Because Miss C's overdraft had expired, it was not, in my view unlawful of the bank to remove it, as Miss C has suggested. They had made no commitment to offer a facility beyond 1 August 2024 and had made this expiry date clear. In my opinion, they were therefore not obliged to give notice of the overdraft facility's removal. So I don't think the incorrect date in the letter made any difference.

In any case, it's clear that the bank's error was not an attempt to backdate a notice period. I'm satisfied that their intention was to say 25 November in their letter. And they did not in fact remove the overdraft limit until 29 November. Miss C was therefore not deprived of any time by their error.

I note that Miss C says she didn't receive the 30 October letter until 2 December. This is unfortunate, but I don't consider it fair to hold NatWest responsible for the non-delivery of correctly addressed letters, given that the delivery of letters is undertaken by a postal service over which they have no control.

I've seen no evidence of the phone call in which Miss C says she was advised that everything was fine, which she says took place when her account was in credit.

I can see that there was a point when the account balance went into credit around the end of October. If it had remained in credit, then the bank would not have taken any further action and would not have declared a default on the BBL. But maintaining the account in credit was Miss C's responsibility and in fact, after about twelve days, a series of payments and transfers took the account rapidly back into an unauthorised overdrawn position. It follows that I don't agree that it was the actions of NatWest that forced Miss C's account into unarranged borrowing.

### **Did NatWest act fairly in putting the BBL into default?**

NatWest operates a policy of treating its customers as one connection. So if one account goes into default, that then triggers what are known as cross-default clauses to put any other borrowing into default too. Miss C's BBL agreement contains such a clause (clause 7.1 Events of Default lists "the customer defaults under ANY [my emphasis] liability to the bank"), therefore NatWest haven't breached the agreement by declaring the BBL in default, as a result of the overdraft default. The inclusion of these clauses is standard industry practice and I do not find it to be unfair of banks to protect their position in this way.

Miss C has argued that NatWest manufactured a default in April 2025 and then used that as a means to demand full repayment. But as I've explained, the default of the overdraft gave them the right to make formal demand without needing another reason. Clause 7.1 permits this even where there are no arrears on the loan.

Miss C complains that NatWest is choosing to rely on clause 7.1 whilst acting contrary to clause 9.2 of the BBL agreement, so I will consider this point next. Clause 9.2 said: "If the customer maintains a current account with the Bank then the Bank may take payments due and payable by the Customer under this agreement from such account". In my opinion, the intention of this clause is to give the bank the right to take funds from the business account, not a personal account, But in any case, the wording of this clause gives the bank an option – they *may* take payments – it does not confer an obligation. It follows that the bank has not breached this clause by declining to take direct debit payments from Miss C's personal account.

I appreciate that Miss C is a sole trader, so there is no distinction between what is called her business "legal personality" and her personal one. Nevertheless, I don't think it's unreasonable for NatWest to maintain a distinction between her business accounts and personal accounts and not permit business loan repayments to be made direct from personal accounts. That said, I can see that Miss C had found a workaround as at July 2025 by setting up a standing order from her personal account with the help of someone in a NatWest branch.

I think it's worth emphasising that, even if the bank had suggested a standing order from Miss C's personal account earlier, this would not have had any impact on the default of the BBL, for the reasons explained above. The cross-default was in my view inevitable as soon as the overdraft was not cleared when its limit was cancelled.

I haven't been persuaded that the bank have contradicted themselves on the subject of making payments from Miss C's personal account. They seem to me to have maintained consistently that they cannot transfer the direct debit (for example in their complaint response of 13 December 2024). The complaint response of July 2025 said that they hadn't found evidence that one of NatWest's branches had declined a payment to the BBL from her personal account (although they didn't dispute Miss C's recollection). This is different from transferring the direct debit and I don't think it is a contradiction.

I also haven't found that NatWest forced Miss C to take a BBL repayment holiday. I do understand that she may have felt she had no choice as she was unable to make loan payments from her personal account or from her business account, but I think this all stemmed from Miss C's failure to clear her overdraft, or make an alternative repayment arrangement for it, rather than from any error on NatWest's part.

Miss C's BBL is now repayable in full and with NatWest's Recoveries department. This means that technically, any former monthly repayment arrangements no longer apply, although Miss C may well have come to a mutually acceptable arrangement with the bank by now.

I know Miss C feels that the bank upheld her complaint in July 2025 and should therefore have taken remedial action. But I don't think it follows that because they apologised for any upset caused by a possible miscommunication in a branch, they should not be able to pursue repayment of the BBL.

I also note that Miss C has mentioned several parts of the Financial Conduct Authority's Rulebook. Because BBLs are unregulated business lending, these rules (other than the Dispute Resolution rules regarding complaint handling) do not apply. That said, I do not consider that any of NatWest's actions here would have breached the FCA's Principles.

Finally, I understand that the formal demand for repayment of the current account balance and BBL has negatively affected Miss C's credit file, which may affect her ability to obtain credit elsewhere. However, I'm afraid I do not consider this to be the result of a bank error, so I'm not going to direct NatWest to amend it.

### **.My final decision**

For the reasons set out above, I do not direct National Westminster Bank Public Limited Company to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 4 March 2026.

Louise Bardell  
**Ombudsman**