

The complaint

Mrs A complains that the Royal Bank of Scotland Plc ('RBS') acted irresponsibly by continuing to provide her with an overdraft facility she couldn't sustainably afford.

What happened

The overdraft was first granted to Mrs A in or around September 2000.

I understand the current overdraft limit is £2,200.

I issued a provisional decision on 10 February 2026. Although I was still upholding the complaint in part, I decided it was fairer to do so from July 2024, rather than July 2020 as our investigator had done. This was after I had obtained from Mrs A some further information about various transactions on the account. Having done so, I didn't think there was enough evidence to have put RBS on notice that it needed to intervene to help and support Mrs A.

I set out an extract from my provisional findings below:

"Our investigator upheld the complaint from July 2020. In the previous year there had been times when Mrs A was in credit and had remained for several weeks. She'd reached almost £1,500 with her overdraft at one point, but for the most part was using it to a lesser degree than I would consider to be persistent use. I've noted payments from family members that, taken together, exceeded £10,000 between July 2019 and July 2020. Payments of this kind continued throughout the six-year period, although for lower amounts. This may well reflect the fact that, from late 2020 Mrs A was receiving ad hoc payments from contract work. These continued through to 2023. Whilst these can't be characterised as a regular salary, I do though need to consider how they would have appeared to RBS in terms of monitoring her account and overdraft use.

I would like to add that I appreciate that Mrs A was often repaying back sums she received to other family members.

I've also noted that in mid-2021, mid-2022 and mid-2023 - so in the time leading up to the account being reviewed each year - Mrs A looked to be less reliant on her overdraft, and sometimes in credit. So I wouldn't necessarily have expected RBS to reach the conclusion that Mrs A's financial position was worsening.

However, I do think RBS ought to have picked up on and acted upon the heavy and ongoing overdraft reliance that was happening from mid-2023, with Mrs A being stuck in her overdraft and showing a consistently higher level of use, often close to the £2,200 overdraft limit. She would also be locked in to paying increasing charges in circumstances where there looked to be no reasonable prospect of her getting out of her overdraft. I think that's a concern, even if there aren't obvious indicators of financial difficulties present when looking at the account transactions.

I therefore think that by July 2024 at the latest, RBS needed to step in to interact directly with Mrs A and discuss options with the aim of reducing and if possible, removing her reliance on

the overdraft facility. I say this because, even allowing for the credits to the account there wasn't a realistic prospect that Mrs A would be able to make meaningful inroads towards paying off the overdraft on a sustainable basis.

RBS therefore had a duty to act by intervening to reduce Mrs A's reliance on the overdraft from this point. I therefore don't consider that RBS acted fairly in allowing Mrs A to continue to operate her overdraft in this way from July 2024 onwards.

So, whilst I remain in agreement with our investigator that RBS didn't treat Mrs A fairly, I intend to make this finding decision from then, and not July 2020. It's for that reason that I am issuing this decision on a provisional basis. "

Response to my provisional decision

RBS hasn't responded to my provisional decision.

Mrs A responded with some further comments. To summarise she says:

- Her financial difficulties arose earlier than July 2024.
- Payments from family members were not surplus income but essential support whilst she struggled with basic living costs – they were often repayable loans.
- She was only in credit for short periods before returning to her overdraft and so was trapped in a cycle of debt – RBS should have seen this.
- The situation has had significant impact on her mental wellbeing.

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.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide this complaint.

I've thought about what Mrs A has said in her response to my provisional findings very carefully,

I know that things have been far from easy for her and that she has felt financially stretched over the entire six-year period we are looking at under this complaint – that is the six years before she started her complaint.

However, I've had to approach this complaint on the basis of what RBS would have seen when reviewing the account, asking myself whether RBS ought to have done more than it did. I've said in my provisional decision that I think RBS did enough by writing to Mrs A regularly to make her aware of her heavy overdraft use, and that that would likely include information about the support that was available to her.

I've thought about everything that Mrs A has said and fully appreciate the financial difficulties she's been going through and the impact it's had on her. To be clear, the uphold point of July 2024 is the time by which RBS ought to have picked up on her financial difficulties in its annual review of the account.

So I know Mrs A is likely to be disappointed with this final decision and I am sorry for that. But based on the evidence and information I've seen I won't be changing the findings from my provisional decision. I hope that she will understand the reasons for that and that she'll at least feel her concerns have been listened to.

Again, I would remind RBS that it has a continuing obligation to provide Mrs A with the support she needs and to exercise forbearance and due consideration going forwards.

I've considered whether the relationship between Mrs A and RBS might have been unfair under S.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress that I have directed should be carried out for Mrs A results in fair compensation for her in the circumstances of her complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right – what RBS needs to do

RBS therefore needs to do the following:

- Re-work the overdraft balance so that all interest, fees and charges applied to it from July 2024 are removed.

AND

- If an outstanding balance remains on the overdraft once these adjustments have been made, RBS should contact Mrs A to arrange a suitable repayment plan for this.

OR

- If the effect of removing all interest, fees and charges results in there no longer being an outstanding balance, then any extra should be treated as overpayments and returned to Mrs A, 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 adjustments have been made, then RBS should remove any adverse information from her credit file. †

† HM Revenue & Customs requires RBS to take off tax from this interest. RBS must give Mrs A a certificate showing how much tax it's taken off if she asks for one.

My final decision

For the reasons I've given, I am upholding this complaint in part and require The Royal Bank of Scotland Plc to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 24 March 2026.

Michael Goldberg

Ombudsman