

The complaint

Mr C complains about National Westminster Bank Public Limited Company's handling of his current account with it.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again in full here. In summary, Mr C has had a £10,000 overdraft limit on his account for over 23 years and the account was mainly run in credit bar the odd short-term overdraft until 2008 when it became overdrawn and didn't return to credit.

From 2014 onwards, the only debits to the account have been interest and charges levied by NatWest and the only credit has been an automated transaction for £23.57 per month. As the interest and charges were slightly higher than what was being paid in, the balance grew. In May 2024 when Mr C says he became aware of the situation, the balance had grown to £3,900. By February 2025 (the latest precise figures I have), Mr C had paid in £23.57 but interest was levied of £178.14 taking the balance to £6,264.61 overdrawn.

Mr C raised a complaint on 5 April 2025 saying he didn't remember applying for the overdraft and he was unhappy that it hadn't been reviewed. On 19 May 2025, NatWest said "*we regularly check customers overdrafts and reduce limits when they may no longer be suitable*" and it had written to him about repeat overdraft use a few times since 2020.

Mr C wasn't satisfied with NatWest's response, so he referred his complaint to our service. NatWest told us it felt the complaint was outside our jurisdiction as it had been brought too late under the complaint handling rules set by the Financial Conduct Authority (FCA).

In January 2026, Mr C paid £7,500 to the account reducing the overdrawn balance to £400.

One of our investigators looked into the complaint. He didn't agree with NatWest about the jurisdiction point, but in any event, he felt he could reach a fair outcome by focussing on events within six years of Mr C's complaint. He upheld it and asked NatWest to refund charges and interest it had levied since 21 May 2020 when it first wrote to Mr C about his use of the account.

Mr C accepted what our investigator said, but NatWest didn't. It said it still felt the complaint had been brought too late and the account had remained within the agreed limit so it had no cause to contact Mr C. As there was no agreement, the complaint has been passed to me for a decision.

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.

There are rules about complaining to our service which are set out in the FCA's Handbook – specifically in the Dispute Resolution Section (DISP). NatWest says Mr C has brought his

complaint outside the time limits set by DISP 2.8.2 which says the ombudsman cannot consider a complaint if it is referred to us more than six years after the event complained of. As the overdraft was agreed more than six years before he brought his complaint, I understand NatWest's point here. While I don't agree, my focus for this decision will purely be on events that have taken place (or ought to have taken place) within six years of Mr C's complaint. In other words, I am only looking at NatWest's acts or omissions since 2 April 2019. There is no dispute that I have the power to do that.

Mr C has complained that the overdraft wasn't reviewed by the bank. The Consumer Credit sourcebook (CONC) sets rules for the industry regarding overdrafts. In April 2019, CONC 6.7.2 said that lenders must *"monitor a customer's repayment record and take appropriate action where there are signs of actual or possible repayment difficulties."* In December 2019 the rules were made more explicit. CONC 5D.2.1(2) says banks should monitor their customers overdraft usage to *"identify, by reference to an appropriate collection of factors, any customers in respect of whom there is a pattern of repeat use, and then sub-divide those customers into the following two categories:*

- (a) customers in respect of whom there are signs of actual or potential financial difficulties;*
- (b) all other customers who show a pattern of repeat use (that is, all customers within CONC 5D.2.1R(2) who are not in category (a))."*

While the rules are silent on the timescales over which overdrafts must be monitored, it's clear that NatWest had an obligation to do so. Indeed it told Mr C on 19 May 2020 that *"we regularly check customers overdrafts and reduce limits when they may no longer be suitable"*. It also wrote to Mr C on 21 May 2020 as it was concerned about his repeated use of the overdraft. The letter said that *"overdrafts are meant for short-term borrowing"*. So it's very clear that NatWest did monitor the account from May 2020 at least.

So when NatWest reviewed Mr C's account prior to writing to him in May 2020, it would have seen that he was paying in £23.57 each month – and had done so for several years. He was spending no money from the account – the last payment he had made was a direct debit for £3.45 on 16 December 2013 which took the balance to £1,544.87 overdrawn. Since then, the only debits to the account were NatWest's own interest and charges. As the interest and charges were more than Mr C was paying in, by May 2020 when NatWest reviewed the account, the balance had increased to £2,048.37 overdrawn. Mr C was clearly not using the account for short-term borrowing as intended and was never likely to be able to repay the overdraft from the income which was evident.

Bearing in mind the rules set out in CONC and NatWest's own comments, I think it's evident it should have stepped in at this point. The limit was clearly not suitable. Had NatWest reduced Mr C's limit to around the balance (as it did in June 2020 after he raised his complaint) the debt wouldn't have been able to grow as far as it did. I think this would've led to further action being taken as the account would quickly exceeded the reduced limit. Appropriate action- such as defaulting the account - would have stopped interest and charges from accruing, and would also have made it more likely that Mr C would've become aware of the situation earlier.

Mr C says he wasn't aware of the debt because, when he moved overseas over 20 years ago, NatWest said it couldn't send letters abroad. He'd left his son's address for contact and only became aware of the problem when a family member mistakenly opened a letter.

Given what he's told us about his financial situation, I'm satisfied that had he been aware of the situation, he would have repaid the overdraft sooner. Mr C has paid in £7,500 to repay the vast majority of the overdraft. If the account had been defaulted shortly after May 2020, I

think it's likely Mr C would have become aware sooner as it would have affected other aspects of his life. I suspect therefore he'd have paid the debt off sooner too.

It is clear that the overdrawn balance on Mr C's account was largely made up of interest and charges levied upon interest and charges. And it's clear that NatWest had an obligation – and opportunity – to step in and prevent the balance from escalating from May 2020 at the very latest. But NatWest took no proactive steps and continued to charge interest of up to £180 per month until Mr C repaid the majority of the debt.

Putting things right

I think NatWest should have stepped in to prevent further charges and interest on Mr C's account when it reviewed it in May 2020, so it should refund them. I think this is fair because it means Mr C takes responsibility for the balance up to that point (around £2,000) which recognises that he could have been aware of the situation sooner than he was. But also recognises NatWest's role and responsibility for allowing the debt to increase significantly by levying interest on a debt that was clearly not appropriate for him. NatWest should:

- Re-work Mr C's current overdraft balance so that all interest, fees and charges applied to it from 21 May 2020 onwards are removed.
- 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 Mr C, along with 8% simple interest per year 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 NatWest should remove any adverse information from Mr C's credit file.

†If NatWest considers it's required by HM Revenue & Customs (HMRC) to deduct income tax from that interest, it should tell Mr C how much it's taken off. It should give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HMRC if appropriate.

My final decision

My final decision is that I uphold this complaint. National Westminster Bank Public Limited Company must put things right for Mr C as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 26 March 2026.

Richard Hale
Ombudsman