

The complaint

Miss M complains that National Westminster Bank Public Limited Company (NatWest) lent to her irresponsibly and failed to support her when she fell into financial difficulties.

What happened

In September 2021, Miss M opened a Student Account with NatWest. She applied for – and was given – an overdraft facility of £2,000. On 13 September 2021, Miss M paid in a total of £390 from various sources and didn't pay in any further funds. By 12 November 2021, her balance was £1,995.74 overdrawn and she did not use the account again. Ultimately, NatWest transferred the account to its collections team in October 2022 and registered a default on her credit file in January 2023.

On 21 June 2025, Miss M complained to NatWest. She said it had been irresponsible to give her the overdraft. She said the bank had failed to provide any support once she was in difficulty and the closure of the account left her without a current account.

NatWest looked into Miss M's complaint and issued a final response letter. It said she had met the criteria for the student account at the time. It said it had written to her in June and July 2022 explaining funds needed to be paid into the account for it to remain active, and in August 2022 saying it would be removing the overdraft. It had no record of Miss M contacting it about any financial difficulties. NatWest didn't uphold the complaint.

Miss M was unhappy with NatWest's response, so she referred her complaint to our service. One of our investigators looked into the complaint. He felt that the bank had made a fair decision to lend to Miss M. He said it had tried to contact her both in writing and by phone to discuss her account, which was in line with what he'd expect. He didn't uphold the complaint.

Miss M didn't agree with our investigator, so the complaint has 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.

Our approach to complaints about irresponsible and unaffordable lending is set out on our website. When we uphold a complaint about irresponsible lending, we generally say that the bank is entitled to expect repayment of the amount borrowed - the customer has after all had the use of the money and acquired goods and services with it which they felt they wanted or needed. But we wouldn't think it fair for the bank to profit from lending provided irresponsibly, so we would tell them to refund any interest and charges applied to the amount borrowed.

In this case, Miss M hasn't been charged any interest, so even if I were to uphold the complaint, there would be no refund due. But nonetheless, I've looked at the lending decision as it's relevant to Miss M's complaint about financial difficulties.

Many banks - including NatWest - offer students interest free overdrafts of up to £2,000. The

rules around lending allow businesses to take into account potential future income where the borrower is in higher education. And as there is no cost of credit, the checks carried out are generally fairly basic.

That said, NatWest told us that part of its process for Student overdrafts is to carry out a review of the customer's credit file and that it did so in Miss M's case. It says if there are adverse markers such as late payments, defaults or County Court Judgements, the application would be refused. However, NatWest was unable to provide details of the credit check.

In order to establish what NatWest would have seen when the application was made, we asked Miss M for a copy of her credit file which she has provided. Credit files generally show information for the previous six years. This one was produced in November 2025, so shows information going back almost two years before this overdraft was applied for. While it doesn't show precisely what NatWest would have seen, I'm confident it captures a reasonable picture. I've carefully reviewed the report.

At the time of the lending decision – September 2021 – Miss M had a communications account which had had a status of *'query – account under review'* since September 2020 - but wasn't showing any arrears. She had current accounts with three other banks. I've not seen anything which leads me to think there was any adverse information which ought to have led NatWest to refuse to lend to Miss M. I think it reached a fair decision to lend to her.

Financial difficulties

As described above, Miss M paid £390 into the account and then used the entire overdraft within a couple of months. The spending on the account was largely discretionary. There's no indication that she was experiencing financial difficulties at the time. The last transaction from the account was on 12 November 2021.

NatWest had provided copies of letters it sent on 11 June 2022 and 28 July 2022 asking her to pay into the account. They both include a section entitled *"If you can't pay we're here to help"* and set out options for her to visit its website or call to speak to someone. The letters also set out what will happen if she doesn't pay.

The bank also tried to call to speak with Miss M on a few occasions. On 27 June 2022, the call was answered but disconnected during the greeting stage.

As Miss M didn't pay into the account and the bank hadn't received any contact, it issued a formal demand for repayment on 16 August 2022. It said it intended to remove the overdraft limit unless the balance was repaid or an acceptable arrangement was reached. Again, it offered her the opportunity to contact it to discuss the matter if she was struggling. It said failure to pay could lead to legal action and information being shared with the credit reference agencies.

As there was still no contact, NatWest followed its process and ultimately defaulted the account.

Miss M has said NatWest's attempted contact doesn't absolve it of a *"lack of support, the rapid closure, the foreseeable harm caused, and the lender's failure to apply appropriate forbearance once they could see I was in financial difficulty"*.

I've thought carefully about NatWest's actions. It's clear it attempted to contact Miss M several times and offered support if she was in difficulties. But it can't provide support to a customer if the customer doesn't respond to its offers of help. I've seen no evidence that

Miss M contacted NatWest to try to make any arrangements or to explain that she was in difficulty. Simply not paying in and not engaging with the bank doesn't mean automatically that Miss M was in difficulty.

Miss M has said that the account was closed rapidly. I don't agree. The account hadn't been used for almost a year before it was closed, and NatWest had been attempting to contact her for four months prior to that. I don't think it was an unreasonably quick timescale.

Miss M has said that closure of the account left her without a current account. But, not only had she stopped using the account anyway, the credit file she's provided indicates she had current accounts with three other banks which remained active after the closure of her NatWest one.

For the reasons I've already given, I don't think NatWest lent irresponsibly to Miss M or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A of the Consumer Credit Act 1974 would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I don't uphold Miss M's complaint about National Westminster Bank Public Limited Company.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 5 May 2026.

Richard Hale
Ombudsman