

The complaint

Mr D complains that The Royal Bank of Scotland Public Limited Company (RBS) failed to properly monitor his account which led to it continuing to provide credit that was no longer affordable.

What happened

Mr D has an overdraft of £2,000 with RBS and complains that since 2021 this facility has been unsustainable and that RBS has continued to apply interest and charges that were unaffordable and keeping him in debt.

In late 2025, Mr D complained to RBS with the help of a representative saying it had lent to him irresponsibly and failed to appropriately monitor the account. So, he's asked for the interest and charges applied to the overdraft to be refunded.

RBS looked into Mr D's complaint and said it felt it had acted fairly in providing the overdraft and said it wrote to Mr D regularly from 2020 about his overdraft usage. RBS said Mr D didn't get in contact to let it know that he was struggling and so it didn't think it had acted unfairly.

Mr D didn't accept what RBS said and again with the help of his representative, Mr D referred his complaint to our service and one of our investigators looked into it.

After considering the information available our investigator said she didn't think RBS had acted unfairly. She initially considered matters going back to January 2018, but Mr D and his representative have since clarified that he is only concerned about what happened from 2021 onwards. The investigator considered this but didn't find that RBS had acted unfairly.

Mr D didn't accept the investigators view and he maintained that he had been unfairly charged for an account that had become unaffordable. 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.

Mr D and his representative have let this service know that he is only concerned with how RBS handled his account from 2021 onwards. He's explained that it was from this point that he started relying on the overdraft as a result of financial difficulties and he believes it was unfair for RBS to continue lending to him from this point onwards. Given this, I have focused my decision on what happened from 2021 onwards.

As there were no lending decisions made on this account after 2005, I am only considering whether RBS acted fairly when completing the reviews it was obligated to undertake on the account at regular intervals.

RBS had an ongoing duty to review Mr D's overdraft facility on a regular basis to ensure the lending remained affordable and could sustainably be repaid over a reasonable period.

RBS hasn't told us when it reviewed the account, but as the last lending decision it made was in March 2005, I think it would have been reasonable for a review to have taken place at least annually around March each year.

RBS hasn't told us when it completed its reviews of Mr D's account or what it found when it did these. So, I've considered the account statements from 2021 onwards to understand what RBS would have found had it completed the reviews as expected.

I saw nothing concerning that would have been apparent in the reviews that should have taken place in 2021 and 2022. Mr D kept the account relatively well funded. Although he used the overdraft, it appears there was enough disposable income to repay the overdraft over a reasonable period of time had Mr D chosen to.

By the reviews that should have taken place in 2023 and 2024 the account usage changes slightly. The account is now being funded from different sources and the number of essential costs being met from this account is decreasing. Mr D makes transfers in and out of the account, suggesting this may no longer be his main account. Mr D continues to use the overdraft and stays persistently in it throughout this period. However, it does still appear that had Mr D chosen to, he could have repaid the overdraft in a reasonable amount of time. That said, given the overdraft usage, it would have been reasonable for RBS to write to Mr D to let him know it was an expensive way to borrow, and to offer support if it was needed.

By the review that would have taken place in around March 2025, I think it was clear that Mr D had stopped using the account. He had left it in an overdrawn state and at its limit for some months, without paying any reasonable level of funds into the account. I think this, alongside the persistent use of the overdraft for the last three years, indicated that Mr D was potentially struggling with his finances.

Good industry practice as well as various relevant regulation in place over the years all suggest that overdrafts are supposed to be for unforeseen emergency borrowing not prolonged day-to-day expenditure. From December 2019 the rules lenders must follow are set out by the FCA, in its Consumer Credit Sourcebook (CONC). These set out that where a customer in actual or potential financial difficulties fails to engage with the lender about the overdraft, the lender must consider whether it should continue to offer the facility on the same terms.

So, with this in mind I've considered whether RBS has acted fairly once it became apparent Mr D was struggling to sustainably manage the account, around March 2025.

I can see RBS first wrote to Mr D about his overdraft usage in 2020. Mr D improved his overdraft usage in 2021 but then RBS started writing to him again in 2022 about the account usage and the cost of this. RBS continued to write to Mr D, twice in 2023, four more times in 2024, and once in early 2025.

I appreciate RBS sent Mr D a number of letters telling him that an overdraft was an expensive way to borrow money and that he should get in contact if he was experiencing difficulty. I accept Mr D didn't get in touch with RBS between 2021 and 2024. But there comes a point where a lender can't continue to rely on a borrower not wanting to discuss their situation. So, by the review that would have taken place around March 2025 I think RBS needed to take some further action to help Mr D. However, this coincided with Mr D contacting RBS to set up a payment plan through a third party.

RBS agreed the payment plan, suspended the account and stopped applying interest and charges. This is in line with what this service would expect to see in the circumstances and what I would have recommended had the payment plan not been set up. So, overall, I think RBS has acted fairly in taking the actions it has.

Mr D has complained about the level of interest charged on the overdraft and I've considered this. However, RBS is allowed to charge customers for the use of an overdraft in line with the terms and conditions of the account. Which I can see it has done. Where a customer is in financial difficulties, we generally think it's reasonable for a lender to take steps to support them, and this may include the suspension of interest for a period. In this case I can see that when it was apparent Mr D was having difficulties and he reached out to set up a payment plan, RBS did suspend interest on the account. I haven't seen anything to suggest it would have been reasonable for it to do this prior to April 2025 and so I don't think RBS has acted unfairly in how it's charged interest on the account.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. But overall, it's not clear enough to me that RBS created unfairness in its relationship with Mr D in the way it handled the account under the credit agreement. And I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I'm very sorry to disappoint Mr D, but for the reasons set out, I don't find that his relationship from 2021 with RBS was unfair, and I can't conclude RBS treated him unfairly in any other way based on what I've seen.

My final decision

My final decision is that I don't uphold Mr D's complaint about RBS for the reasons set out.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 22 May 2026.

Charlotte Roberts
Ombudsman