

The complaint

Miss J complains that National Westminster Bank Public Limited Company (NatWest) lent to her irresponsibly.

What happened

Miss J has an overdraft with NatWest. She opened this with a limit of £2,000 in December 2018.

In November 2025, Miss J complained to NatWest saying it had lent to her irresponsibly and failed to consider her circumstances properly at the time of the lending. She's said this led to her being trapped in an overdraft that was causing her harm.

NatWest looked into Miss J's complaint and said it felt it had acted fairly in providing the overdraft limit and in renewing the overdraft at each review. NatWest said it had written to Miss J about the overdraft usage but hadn't received any response. So, NatWest didn't uphold the complaint.

Miss J didn't accept what NatWest said and referred her complaint to our service. One of our investigators looked into it. She explained that as there was no potential loss to Miss J until November 2022, we would look at things from that point onward. The investigator acknowledged Miss J was using the overdraft but ultimately said she didn't think NatWest had acted unfairly.

Miss J rejected the investigators view and argued that she shouldn't have been given the overdraft. 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.

We've set out our general approach to complaints about unaffordable and irresponsible lending, including the key rules, guidance and good industry practice - on our website. And I've referred to this when considering Miss J's complaint.

When we uphold a complaint about irresponsible lending, we generally say that the bank is entitled to repayment of the amount borrowed. This is because the customer has had the use of the money to acquire goods and services that they felt they wanted or needed. But we wouldn't agree it's fair for the bank to profit from lending that was provided irresponsibly, so to put things right we would tell the bank to refund any interest and charges applied to the amount borrowed.

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 to the credit, the checks carried out are generally fairly basic.

As you know, you had a student overdraft of £2,000. Your overdraft remained interest free until November 2022, so there is nothing I can ask NatWest to refund to you before this point - even if I did agree that the lending was unaffordable. Given this I've focused my decision on what happened from November 2022 onwards.

NatWest has a responsibility to monitor its customers overdrafts. CONC 5D.2 covers a business' obligation to identify and monitor repeat use of overdrafts. It sets out that a business should identify any customers for whom there is a pattern of repeat use, those who repeatedly use their overdrafts and there are also signs of actual or potential financial difficulties, and what action it should take in each case. There's no set timeframe for the reviews to take place, but it appears that NatWest reviewed Miss J's account in around October each year, so this is the date I'll use.

I think the first review that would have taken place after the account became interest bearing would have been around October 2023. By this point NatWest had identified that Miss J had been using her overdraft repeatedly. It doesn't appear that this was Miss J's main account, but she did make transfers into the account from elsewhere. Because of how the account was funded, it didn't returned to a credit position during this review period. I can see that NatWest wrote to Miss J about her overdraft usage in line with the expectations set out in CONC. I can't see that Miss J responded to this communication to make NatWest aware of any financial difficulties or to ask for support. As this was the case, and there were no signs that Miss J was struggling to meet essential commitments from the account, I think it was reasonable for NatWest to continue to monitor the account.

By the review that would have taken place in around October 2024, the account usage had remained predominantly the same, which could have been a sign of financial difficulties. So, I've reviewed the statements Miss J has provided for her other accounts. However, I can't see that we have been provided with evidence of what her income was, or that she was making payments towards essential costs such as housing and utilities. Given this I can't be satisfied that the lending was unaffordable at this point and that NatWest should reasonably have known this. I can see that NatWest had written to Miss J a further three times about her overdraft usage during this review period but didn't receive any response. So, based on the information available I don't have enough evidence to conclude that NatWest acted unreasonably in continuing to provide the overdraft on the same terms.

At the review that would have taken place in around October 2025, I can see that largely, the account usage hadn't changed. In January 2025 NatWest wrote to Miss J about her overdraft usage and then did provide a period of forbearance after Miss J contacted it. After the forbearance measures came to an end interest continued to be applied to the account. A further letter was sent to Miss J about her overdraft usage in September 2025.

It's fair to say that by the review in 2025 Miss J had been in her overdraft for some time, and I accept that she would have met the criteria of someone who displayed a pattern of repeat use. But I think it's important to look at the overall circumstances of a customer to understand their position. So, I've reviewed the account statements Miss J has provided. I've considered her income and essential expenditure to understand whether it was possible for her to have stopped using her overdraft, if she had chosen to or had been asked to.

Having reviewed Miss J's other statements for this period, I can see that she was earning around £2,500 a month. From the essential expenditure that could be identified on the statements, it appears Miss J would have had a reasonable amount of disposable income each month and enough to repay the overdraft over a reasonable period of time.

The rules around overdrafts say that the consumer should be able to repay the facility "within a reasonable period" (CONC 5.2A.27), a reasonable period being the "typical time required for repayment that would apply to a fixed-sum unsecured personal loan for an amount equal to the credit limit" (CONC 5.2A.28).

So, for an overdraft of £2,000, I'd expect it to be repayable over 18 months or two years which would mean making payments of around £100 a month to reduce the outstanding balance. From the evidence available, I think this would have been sustainably affordable for Miss J by the point of the 2025 review.

I accept that this alone doesn't necessarily mean that Miss J wasn't experiencing difficulty during periods prior to her complaint. But looking at the overall picture, it appears she was quite comfortably able to meet her committed and essential expenditure from her wages by the review in 2025 and before this I don't think it would be reasonable to suggest NatWest should have removed the overdraft based on what I've seen for the reasons already explained.

Miss J has explained she had mental health difficulties that worsened her financial situation. I'm truly sorry to hear this but I haven't seen any evidence that she made NatWest aware of this or asked it for support. Given this, whilst I don't doubt what Miss J has said, I can't reasonably say NatWest should have been aware of or taken action in relation to these difficulties in this case.

Given the account conduct, I think it was reasonable for NatWest to write to Miss J about her overdraft usage. But there was no regulatory obligation on NatWest to do more than this (such as removing or reducing the overdraft). However, I think it was reasonable for NatWest to have identified issues in 2023, and I think the actions it took in contacting Miss J, as first steps to bring the overdraft usage down, were fair. So, I don't think NatWest acted unfairly by not taking more significant action than this prior to the complaint being raised. However, I would remind NatWest of its obligation to treat customers who may be experiencing financial difficulties fairly. I would also encourage Miss J to discuss her circumstances with NatWest if she believes she is unable to afford to repay the overdraft.

In summary and based on the available evidence, it's not clear enough to me that NatWest created unfairness in its relationship with Miss J.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think NatWest treated Miss J unfairly. 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.

My final decision

My final decision is that I don't uphold this complaint for the reasons set out.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 30 April 2026.

Charlotte Roberts
Ombudsman