

complaint

Mr T complains that it was irresponsible for National Westminster Bank Plc ("NatWest") to have approved an overdraft for £8,000. He also complains that it won't block gambling transactions on his account.

background

Mr T opened an account with NatWest in April 2018. In August he applied for a loan of £15,000. His application was accepted but Mr T returned the funds shortly after. He applied for a loan of £20,000 in October but again he returned the funds shortly after. He said he had been advised to do this by a third party to prevent him spending the money on gambling sites.

In January 2019 Mr T applied online for an overdraft of £8,000 which NatWest agreed to on 11 January. In the days that followed Mr T took the account to the limit of his overdraft. On 22 January he complained to NatWest. He said that the overdraft increased his borrowing limit from under £1,000 to £8,000. And he thought that too much considering he had previously told NatWest he had a gambling addiction and was getting treatment. He said as a result he was in severe financial difficulty.

NatWest said it did not have a record of Mr T telling it he had a gambling addiction. Nor that he was in any financial difficulty. It said it had carried out an automatic affordability assessment through his online application. It said there are a number and variety of different business rules and warning triggers in place to try to check the information within the assessment is correct. It said in Mr T's case its decision to approve the overdraft was based on appropriate information at the time the application was made. And the information satisfied all of the bank's criteria. NatWest also provided some options Mr T could consider to help him to control his money.

Mr T wasn't satisfied with this final response and brought his complaint to this service. He said he was appalled that NatWest viewed gambling as a lifestyle choice for most. He said NatWest was still refusing to block gambling payments from his account which contradicts its statement that they put in place measures for vulnerable customers.

Our adjudicator didn't think NatWest had done anything wrong and had dealt with Mr T's complaint fairly. She was satisfied NatWest had completed appropriate checks and hadn't made an error in approving the overdraft facility. Mr T remained unhappy and asked for a final decision.

He couldn't understand why the bank did not have a record of his phone conversations regarding gambling, and why it could lend such significant sums of money to someone on a small salary.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I realise this will come as a disappointment to Mr T but having done so I won't be asking NatWest to do anything further.

Firstly I'm sorry to hear that Mr T is currently in financial difficulty. This must be a difficult time for him and I am reassured he is seeking the help and support he needs. I can fully understand why he would want NatWest to support him at this time.

approval of £8,000 overdraft

I have looked at the credit report dated March 2019 Mr T provided to us and the NatWest's contact notes and record of credit applications. Mr T had arranged overdraft limits on his account since September 2018. In September and October the limit was £2,250, in November there was no overdraft. In December it was £2,000 and in January it was £1,000. During this period Mr T remained within his overdraft limit.

I've also looked at Mr T's bank statements from when the account was opened in 2018. In June and July there is a little gambling activity but Mr T manages the account well. In July there are large transactions in and out of the account. In August Mr T's level of betting increased and he made full use of his overdraft facility through September. But I also notice a number of payments into the account upwards of £3,500.

In October Mr T received large deposits and at one stage the account balance was £26,845. While there is betting activity (directly to online betting outlets) these do not account for the drop in balance. Rather this is due to transfers out to two other accounts in particular. It's not clear to me whose accounts these were but transactions both to and from them happen frequently over a few months. Mr T has said he has a gambling addiction and it's possible these are indirect gambling transactions but I can't say for certain. Money moves back and forth to these accounts. Nor would I reasonably expect NatWest to identify them as gambling transactions even if they were.

In November Mr T's account balance was low but he had no overdraft. While Mr T says he is in financial difficulty the fact the account balance was low at this time would not necessarily be an indicator of this. Towards the end of the month further significant betting occurred and Mr T was back into overdraft through December.

Mr T has told us he considers the increase of borrowing from £1,000 (the overdraft limit in January) to £8,000 to be too much. During September, October and December Mr T showed through his account management that he was able to manage with overdrafts up to £2,250. So I believe the bank would consider this as an increase of £5,750 from recent borrowing levels.

Mr T is also concerned that it increased the overdraft limit to £8,000 having lent him £5,000 on his NatWest credit card. Mr T applied for his credit card with NatWest in September. It appears he had a credit card with another account at the time which, according to his credit file, he paid off in October, possibly with a balance transfer. From his credit file I can see the balance of his new credit card account in October was £2,819, in November it was £5,021, and in December it was £5. By the time he asked for an extension to his overdraft in January it would have been £794 or less.

It's not clear to me how he paid off the card. By the time he applied for the overdraft extension he had shown NatWest he was able to manage his credit card account.

Mr T has said the affordability calculator failed because it stated he had no bills including no mortgage. On Mr T's credit file I can see that he has a mortgage and has kept up repayments. But these payments do not come out of his NatWest current account nor are

there any utility bills or other household bills debiting the account. But the account does receive a regular income. So NatWest should have taken this into account, as it was on Mr T's credit file. But even if I include the mortgage as expenditure I still consider that appropriate affordability checks were carried out. And that the level of disposable income was high.

I found no adverse information on Mr T's credit file that would cause concern. Mr T has said that a short term payday loan he took in January is evidence of financial difficulty. At the time Mr T asked for the extension to his overdraft the loan would not have been known to NatWest, unless he had told the bank, and it would not have appeared on Mr T's credit file until the following month.

Over the period of time since Mr T opened his current account there are many large deposits to the account and Mr T was able to manage his overdraft levels up to 14 January 2019. So I'm satisfied that NatWest did appropriate checks and hasn't made an error in extending Mr T's overdraft.

financial difficulty

Mr T has said he informed NatWest he had a gambling addiction in phone calls to the bank when he returned the loans. He said he also told staff at a local branch. NatWest said it doesn't have any record of this nor of Mr T telling it he was in financial difficulty. It said it has only been able to find one of the calls and there is no mention from Mr T of his gambling addiction. Mr T has queried how only one call has been found and not the other where he said he said he was in difficulty. I do understand this would concern Mr T. While it would be ideal to have a record of all calls sometimes calls are not recorded or are not able to be saved.

However even in the absence of the call recording I would also expect to see written evidence of the details of the call; especially if financial difficulty and gambling were mentioned, to be recorded in contact notes. While I'm not disputing Mr T informed NatWest, there is no such record from either telephone calls or from the branch.

I'm also not disputing Mr T is in financial difficulty or that he has a gambling addiction. It is to his credit that he is taking steps to help himself. But based on his account management, no adverse information on the credit file, and the large amount of money coming into the current account over a period of a few months, and the absence of a record of Mr T informing NatWest, I'm satisfied NatWest could not reasonably have been aware he was in difficulty.

Payments to betting sites would not necessarily be a trigger particularly if there is regular income into the account and the account is managed within its limits. And in that situation such account activity would not necessarily be a barrier to further lending.

account block

Mr T would like NatWest to block any payments to gambling sites and he has said NatWest has refused to do this. Mr T has also said it isn't helping him given his current circumstances. NatWest has said it is unable to block these payments. It's not my role to look at the bank's processes. That's the role of the Financial Conduct Authority. So I am unable to make any comment about whether or not NatWest can or should block payments. No can I instruct it to do so. Mr T has noted that other banks are able to do this. Unfortunately I can't comment on what other businesses are able to do.

In its final response to Mr T, NatWest suggested some things that may help him, now that it is aware of his situation. It suggested contacting the betting sites directly, especially one specific site Mr T has used frequently, to put in place a Self Exclusion agreement as per the Gambling Commission advice. It also said it had now recorded that Mr T is a vulnerable consumer and that any further lending application would be referred to the Personal Lending unit. I also note there is a restriction on lending on the contact notes.

NatWest has also said it can make some changes to Mr T's account e.g. downgrade it and replace the debit card to stop spending where funds are not available. So I am satisfied it has made appropriate suggestions for help. If Mr T would like to take up these suggestions he should contact NatWest. Banks must respond positively and sympathetically when they become aware a customer is in financial difficulty. If Mr T continues to have problems paying off the overdraft he should speak to NatWest about his options.

Mr T is also concerned that the bank views gambling as mostly a lifestyle choice. I am unable to comment on NatWest's policy or opinion on gambling. But having read NatWest's final response letter and follow up emails to Mr T I'm satisfied NatWest appreciates that for Mr T it is a more serious addiction.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 13 July 2019.

Maxine Sutton
ombudsman