

complaint

Mr N complains that National Westminster Bank Plc irresponsibly lent him money when he had a gambling problem.

background

From April 2006 onwards, Mr N applied to NatWest for overdraft facilities many times and the bank often provided them. On several occasions he cleared the overdraft debt, then applied for further facilities and built up a debt again. From 2008 onwards, Mr N also made numerous loan applications to the bank. The first three were approved and were mainly used to pay off his overdraft, but no loans were approved after August 2008.

Mr N had a gambling problem, which he has now brought under control. During the period that he complains about, there was substantial gambling spending on his current accounts.

In May 2013, Mr N complained to NatWest. He said that in November 2008 he asked for the overdraft facility to be removed after he paid it off, but the bank did not do this. He also complained that his gambling problem would have been obvious to the bank if it had carried out a review of his account, and he wanted to know why there had never been such a review.

NatWest said it had no record of a request to cancel the overdraft facility in 2008, though it accepted Mr N's version of events. But it did not agree that it had been irresponsible in providing overdraft facilities and personal loans.

Mr N was unhappy with the bank's response and referred his complaint to this service. He asked for the bank to refund all the interest charged on his overdraft since 2006.

Our adjudicator did not recommend that the complaint should be upheld. Briefly, she said:

- Mr N made many applications for further overdraft facilities after he spoke to the bank in November 2008.
- On the same day that Mr N spoke to the bank in November 2008, he also applied for a loan of over £7,000, which was declined.
- Mr N's bank statements from the period in dispute showed that his current accounts were mostly within his agreed overdraft limit. On the occasions when they went over, he quickly brought them back within the limit. There was therefore no need for the bank to intervene.
- Banks do not generally monitor their customers' accounts to see how they spend their money, except in exceptional cases such as fraud. The bank is under no obligation to check customers' accounts for gambling.
- After Mr N complained to the NatWest in 2013, it invited him to discuss his situation with its financial difficulties team. The assessment showed that his income exceeded his expenditure.
- The interest on the loans and overdrafts were in line with the terms of the agreements, so the adjudicator did not think that the bank should refund them.

Mr N disagreed with the adjudicator's conclusions. He said that the bank had agreed it cannot find evidence that it had been advised of his gambling problem and upheld this part of his complaint in its final response letter, so he feels that it should refund all his charges and interest.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I am sorry to tell Mr N that I have come to the same conclusions as the adjudicator and for much the same reasons.

Mr N's original complaint was that the bank failed to carry out a review of his spending, which would have revealed his gambling habit. It is true that the gambling would have been visible on his statements, but I agree with the adjudicator that the bank is under no obligation to scrutinise a customer's legitimate spending or to take a view on whether it is personally or socially harmful. This applies to gambling as much as it does to, say, spending on alcohol or tobacco. So I do not think the bank did anything wrong by not reviewing his spending.

In deciding whether the bank's lending was irresponsible, the main question I have to answer is whether the repayments were unsustainable. It is not for me to decide whether the bank expected the proceeds to be spent wisely. In Mr N's case, the various loan and overdraft applications were assessed for affordability. The bank agreed them when they met its affordability criteria and rejected them when they did not. Mr N then kept his accounts in reasonable order, so I have no grounds to say that the lending was unaffordable. In the circumstances, even if the bank had been aware that Mr N intended to use the proceeds for gambling, I would not say that the lending was irresponsible.

Mr N later told us that in 2008 he had specifically asked NatWest not to allow him further borrowing. But I note that there is no evidence from the bank's records to support this, and it is not a claim he made to the bank when he first complained. The bank has accepted that Mr N asked for his overdraft facility to be removed in November 2008, but I do not see that it has accepted that Mr N told it to decline future borrowing requests. I note that on the same day Mr N unsuccessfully applied to the bank for a substantial loan. Taking all the circumstances into account, I conclude that on the balance of probabilities – that is to say what is more likely than not to have happened – it is likely that Mr N did not instruct NatWest to refuse his future lending applications.

I realise that Mr N will be disappointed by my decision but I do not find that NatWest lent irresponsibly, so I cannot reasonably order it to refund any of the interest or charges he paid on his overdrafts and loans.

my final decision

My final decision is that I do not uphold this complaint.

Colin Brown
ombudsman