

## **complaint**

Miss L complains that National Westminster Bank Plc (NatWest) acted irresponsibly when it gave her an overdraft facility and didn't do enough checks to make sure she could afford it. Miss L is represented by her mother Mrs L.

## **background**

Miss L applied online for overdraft facilities and based on the financial information she gave her application was successful. Miss L quickly used up the overdraft facility and incurred some charges when she went over the agreed limit. NatWest then made the commercial decision to withdraw Miss L's overdraft facility and closed her account. When a repayment plan wasn't agreed the balance owed on the account was sold to a debt collection agency.

Mrs L says that NatWest shouldn't have granted the overdraft facility because Miss L suffers from mental health problems. And when she applied for the overdraft she had just been discharged from hospital, was on a high level of medication and that the information she gave about her finances wasn't correct. Mrs L wants NatWest to write off Miss L's debt.

Our adjudicator didn't recommend that Miss L's complaint should be upheld. She thought NatWest was entitled to rely on the information Miss L gave it and that any charges had been applied fairly. We asked NatWest to have another look at Miss L's complaint and it accepted that given Miss L's mental health problems it shouldn't have sold her debt to the debt collection agency and agreed to recall it. NatWest also agreed to refund any charges applied after it was told about Miss L's mental health problems.

Mrs L thinks that it isn't fair to ask her daughter to repay any of the money owed as she isn't well and is in a poor financial position.

## **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 have sympathy for Miss L and appreciate that the money she owes may cause her stress and worry. But I must decide complaints fairly taking in to account the individual circumstances of the complaint.

NatWest accepted the information Miss L gave when she applied for the overdraft online in good faith. It says it did the checks it usually does before granting an overdraft and didn't know about Miss L's mental health problems. Having considered this I don't think NatWest acted irresponsibly when it approved Miss L's overdraft.

NatWest has now agreed to recall the debt from the collection agent and manage it itself. It has agreed to waive charges applied after it became aware of Miss L's health issues and says it will agree to a repayment plan if Miss L arranges one through a debt charity or the Citizens Advice Bureau. And I think that this is fair and reasonable.

I can understand why Mrs L thinks her daughter shouldn't have to repay anything but when it agreed to the overdraft NatWest was acting on Miss L's instructions and had no way of knowing that she was unwell. It acted quickly when it noticed that Miss L's account was going into arrears and withdrew the overdraft facility to prevent her L going further into debt.

It accepts that it made a mistake when it transferred Miss L's account to the debt collection agency but has now put this right.

I don't think it would be fair to ask NatWest to write off Miss L's debt even taking her mental health problems into consideration. She is still quite young and Mrs L tells us Miss L does some casual work. So it's possible that her financial position could improve in the future.

Hopefully a repayment plan will be agreed that allows Miss L to manage the debt and reduce any worry or stress this problem has caused her.

Whilst I accept that my decision will be disappointing for Miss L, I think the steps that NatWest has agreed to take are fair and I don't require it to do anything more.

### **my final decision**

My decision is that I don't uphold Miss L's complaint, in the sense that I find the steps National Westminster Bank Plc has agreed to are fair and reasonable.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 21 April 2016.

Michael Ranaghan  
**ombudsman**