

complaint

Mr A complains that National Westminster Bank Plc allowed a third party to take money from his business account. As a result it exceeded its overdraft limit and charges were applied. He asks that NatWest refunds all fees and charges and pays compensation.

background

Mr A had an agreement with a third party provider of secure payment services. Mr A had a dispute with the third party which has now been resolved. Mr A says NatWest shouldn't have allowed the third party to take payments from his account. NatWest stopped other payments from his account and applied charges.

The adjudicator didn't recommend that the complaint should be upheld. She said Mr A gave the third party authority to take money from his account as part of his agreement with it. NatWest was unable to stop the payments. NatWest asked Mr A to contact it about the overdraft. The terms of Mr A's account allow NatWest to apply charges when his account exceeds the overdraft limit. The adjudicator said NatWest hadn't made an error and she didn't recommend it refund charges or pay compensation.

Mr A didn't agree. He said his agreement with NatWest doesn't allow it to make payments when there's no money in his account. He says NatWest allowed the payments to the third party because it has a relationship with the third party. He says the third party confirmed this. He asked NatWest for help and was misled on numerous occasions before being given a higher overdraft limit. He says the charges are punitive, substantial and unfair. He'd like this service to mediate an amicable conclusion.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Mr A says an unauthorised overdraft and charges resulted from NatWest allowing a third party to take money from his account. I can't consider or comment on Mr A's dispute with the third party here. I will look at whether NatWest made an error or acted unreasonably when it allowed the payments from his account.

When Mr A entered into an agreement with the third party he gave it authority to take money from his account. I don't think NatWest made an error allowing the payments as they had been authorised by Mr A. I don't think NatWest allowed the payments because it has a relationship with the third party. I think it allowed the payments because Mr A had authorised them.

Under the terms of Mr A's account, if there are insufficient funds for a payment NatWest can treat it as an informal request for an overdraft. The terms say NatWest is entitled to apply charges and interest at the unarranged borrowing rate if this happens. NatWest said Mr A should contact his relationship manager about his overdraft.

I know Mr A will be disappointed, but I don't think NatWest made an error. I don't think it's fair and reasonable in the circumstances to require NatWest to refund charges or pay compensation.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 11 April 2016.

Ruth Stevenson
ombudsman