

The complaint

Miss B and Mr G complain that National Westminster Bank Plc failed to cancel their overdraft when requested, and later increased the limit without consent.

What happened

On 28 May 2021, Miss B and Mr G wrote to NatWest asking it to cancel their overdraft. As they received no response, they wrote again on 16 July and 12 August 2021. The overdraft limit remained on their account until December 2022 when they visited a branch and raised a complaint. Between May 2021 and December 2022, they had used the overdraft, incurring interest and charges. Miss B and Mr G also say the overdraft was increased from £2,000 to £2,500 without their consent during this period.

NatWest looked into Miss B and Mr G's complaint. It apologised for not having cancelled the limit. It said it had no record of an increase in the overdraft limit since 2013. NatWest paid Miss B and Mr G £40 compensation for the poor service they'd received.

Miss B and Mr G were unhappy with the response from NatWest and referred their complaint to our service, one of our investigators looked into it. He acknowledged that NatWest had failed to remove the limit but said that as Miss B and Mr G had continued to use the facility, it wasn't unreasonable for it to continue to charge interest. He felt the £40 paid by NatWest was a fair way to resolve the complaint.

NatWest agreed with our investigator, but Miss B and Mr G didn't. 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.

Having done so I didn't agree with the findings of our investigator, so I issued a provisional decision saying:

"I have no doubt that Miss B and Mr G asked NatWest to cancel their overdraft limit in May 2021. NatWest has provided me with statements of the account from April 2021 to March 2023. I can see that Miss B and Mr G received some significant money into their account in May 2021, so I can appreciate the reasons for making the request when they did. Miss B and Mr G's have provided copies of letters they say they sent NatWest making their request. As the letters are correctly addressed to their branch, I see no reason why they wouldn't have been received. It follows that I think NatWest ought to have cancelled the overdraft limit sooner than December 2022 when it did so following this complaint.

That said, despite their request to cancel the overdraft, Miss B and Mr G used it extensively. Having received the significant money in May 2021, the account remained in credit for the whole of June. But in July 2021, a first direct debit payment for £458.35 which appears to be a first payment to a car finance agreement, went out of the account and took it £113.73 into

overdraft. While the position was corrected the next day, had the overdraft not been in place, it's likely that NatWest would have refused payment of the direct debit leading to charges for Miss B and Mr G as well as potentially damaging their credit files.

The account went overdrawn again for a few days in August, September and October 2021, reaching in excess of £1,600 overdrawn. It stayed overdrawn for most of November 2021 and remained so (barring a few days here and there) until a large credit was received in November 2022. During 2022, the account reached overdrawn balances of over £2,400 before the limit was finally cancelled in December 2022.

Miss B and Mr G have said they would have used alternative funds if the overdraft had been cancelled as requested. But as they continued to use it, I don't think it's unreasonable for NatWest to charge interest on the amount borrowed. Miss B and Mr G ought reasonably to have been aware they were borrowing the money and had the opportunity to mitigate losses by using alternative funds. And to be clear, there is no suggestion of any financial difficulties in this complaint.

Miss B and Mr G have said the limit was increased without their awareness after they'd requested it to be cancelled. I have evidence from them that the limit was £2,000 in September 2017. NatWest says the limit has been £2,500 from 2013. There is a discrepancy in the evidence on this point as I'm satisfied the limit was £2,000 in September 2017 and was £2,500 by December 2022. That said, I don't think it changes my decision.

I say this because even though Miss B and Mr G believed the limit was £2,000 at the time, they used the overdraft up to almost £2,500 on a few occasions throughout 2022. They have said they could have used alternative funds to pay for their expenditure – and I don't doubt they could have done so. I don't think it would be reasonable for me to say that NatWest should refund the interest charged.

But as I've said, I do think the limit ought to have been cancelled at the customers' request in 2021. Three letters appear to have gone unactioned. I don't think the £40 compensation offered is sufficient in the circumstances. I think Miss B and Mr G encountered unnecessary inconvenience in having to contact NatWest several times to get a straightforward request carried out. I think NatWest should pay them a total of £200 in recognition of that inconvenience. For clarity, if it has already paid the £40 it offered, NatWest should pay a further £160."

I've had no responses to my provisional decision from any party to this complaint, so I see no reason to depart from it.

My final decision

My final decision is that I uphold this complaint. National Westminster Bank Plc should put things right for Miss B and Mr G as I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B and Mr G to accept or reject my decision before 29 March 2024.

Richard Hale
Ombudsman