

## The complaint

Mr O complains that National Westminster Bank Plc (“NatWest”) didn’t give him an overdraft facility on his new account. He says that, as a result, he was unable to pay a debt and his credit score has suffered.

## What happened

Mr O held an account with a third-party bank, which I’ll call L. He had an overdraft facility on that account. In 2023, he switched his account from L to NatWest. He says that, during the switch application, he asked NatWest if he would be able to have an overdraft and explained that he wanted to use a new overdraft from NatWest to repay his overdraft with L. He says he was told he would be able to do this.

Mr O says that, after he completed the switch application, NatWest said he would need to bank with it for at least one month before he could attempt to open an overdraft. He waited a month and tried again but says that NatWest told him he would need to build up more of a banking history before he would qualify for an overdraft. Mr O says he routinely attempted to open an overdraft with NatWest over the next few months but was told by its staff that there was nothing they could do and everything was done via the app.

During this time, L was chasing Mr O for repayment of his overdraft. In the end, L defaulted his account and passed it to a debt collection agency. Mr O says his credit score dropped drastically as a result. He says that, when he was eventually able to access the overdraft on NatWest’s app, he was told he didn’t qualify for one because his credit score was too low. At around the same time, Mr O took out a loan. But he says the interest rate he had to pay was much higher than he had previously been quoted due to the drop in his credit score. Mr O complained to NatWest and said these issues were a result of its poor advice.

NatWest said that all requests for an overdraft are subject to application, and it’s not guaranteed that a customer will be granted an overdraft facility. It apologised if this hadn’t been made clear to Mr O. It said that no member of staff could guarantee a customer would be approved for a lending product and apologised that he had been incorrectly advised. It acknowledged that Mr O had received poor customer service. It also apologised for issues he had experienced with its app. It paid him £100 to recognise the distress and inconvenience caused. But it said it wasn’t responsible for the management of Mr O’s borrowing with L.

Mr O wasn’t happy with NatWest’s response and brought the complaint to this service. He said that, if NatWest had advised him correctly, he would have been able to give a more definitive assessment of his situation to L, who would not have defaulted his account. He says that, due to the default, he is having to pay more for his loan and his mental health has suffered. He doesn’t think the compensation paid by NatWest is enough in the circumstances.

Our Investigator thought that NatWest had acted reasonably and didn’t ask it to do anything else. But Mr O didn’t agree and asked for the complaint to be reviewed by an Ombudsman.

## **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.

I'm sorry to disappoint Mr O but I'm not going to uphold this complaint. I'll explain why.

An overdraft is a form of lending. It's for NatWest to decide who it lends to and on what basis. It doesn't have to lend to a customer and, if it does consider lending, it must ensure it doesn't lend irresponsibly. I wouldn't expect it to provide an overdraft facility without having a process in place and carrying out checks. It's for NatWest to decide what checks to make but it's not unusual for lenders to look at a customer's account history when making lending decisions. I think it was reasonable for NatWest to want to build up a picture of Mr O's account use before considering an overdraft application. It was also reasonable for it to take his credit score into account when deciding whether to lend to him.

But Mr O says that NatWest had told him it would give him an overdraft. NatWest says that no member of staff could guarantee this; an overdraft application would always have to be completed and reviewed before this could be decided. But it hasn't disputed Mr O's testimony that he was assured he would be eligible for an overdraft and could use it to settle his debt with L. I think that was a fair response to the complaint.

I don't doubt that Mr O was told he would be able to borrow from NatWest. But I haven't seen any evidence that he discussed the details of his borrowing requirements with NatWest. On balance, I don't think he was given any assurance that he would have access to funds from the outset.

Mr O says that, once he had submitted his account application, NatWest said he would need at least one month of banking history before he could attempt to open an overdraft. So, I think it was clear that he would not have access to an overdraft for at least a month after opening the account. I also think Mr O ought reasonably to have become aware by this point that there was no guarantee of NatWest granting an overdraft. Mr O says that, after a month, he was told he would need to continue banking with NatWest for longer to qualify for an overdraft. He says he was told he could apply after six months. I think it was clear from this that Mr O was not going to have an overdraft in place imminently.

He says that L defaulted his account during this time, causing his credit score to drop. He says this was a direct result of NatWest's actions. I know Mr O feels strongly about this, but I don't think it was NatWest's fault. It was for Mr O to manage his debt to L. And it was his decision to go ahead with the switch to NatWest without knowing for certain whether or when he would have funds available to repay L.

I think it was clear from early in the process that Mr O was not going to have access to funds quickly (if at all). He was already receiving letters from L demanding repayment. But it was Mr O's decision to keep waiting over the next few months to see if he could obtain the overdraft from NatWest, knowing that the situation with L was escalating.

From what I've seen, I don't think anything said here created an obligation for NatWest to lend to Mr O or to do so within a particular timeframe. NatWest accepts there were some problems with its app and that some information given by its staff was unclear or incorrect. But I think Mr O took on the risk of not being able to repay L when he went ahead with the account switch. And I don't think NatWest's mistakes change that. So I don't think NatWest needs to do any more here.

**My final decision**

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 19 December 2024.

Katy Kidd  
**Ombudsman**