

The complaint

Mr N complains that Nationwide Building Society passed his personal loan account to a third-party debt recovery agency without telling him. He's also unhappy his account was defaulted.

What happened

Mr N took out a personal loan with Nationwide Building Society ("Nationwide") in 2017.

In October 2022, Mr N complained to Nationwide as they'd told him on the phone that his loan had been passed over to a third-party debt recovery agency. Mr N said he wanted the account to be returned to Nationwide and didn't want to deal with the other party.

Nationwide didn't uphold the complaint. They said they'd followed the correct process in passing the debt to the third party and mentioned that Mr N's account had been defaulted in 2018.

Mr N referred his complaint to us. Our investigator didn't uphold it. She said Nationwide was entitled to pass the account on to a third party after it had defaulted.

Mr N didn't agree. He said our investigator had ignored that Nationwide didn't tell him they were planning to pass the account to the third party and pointed out that he'd repaid a significant amount of the loan. Mr N also said Nationwide had unfairly defaulted the account when he'd paid less than what was required for one month only, and that Nationwide hadn't considered his financial situation fairly.

As the matter couldn't be resolved, Mr N's 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.

Our investigator focused solely on whether Nationwide was entitled to pass the recovery of the debt on to the third party. I can see that this is what prompted Mr N to complain to Nationwide although I note he feels there are other factors to consider which I set out in the preceding section of this decision.

I see no reason in theory why Nationwide wasn't entitled to do this in 2022. The loan was taken out in 2017 for 24 months and a balance remained some three years after the loan was meant to be repaid. I've looked at Nationwide's account history notes and can see that they passed the account on to the third party on more than one occasion after it was defaulted in 2018. The notes also show that Nationwide brought the account back in to them upon Mr N's request on occasion. So, it seems to me that Nationwide did try to work with Mr N to help him repay what was owed but chose to pass the account to the third party in view of the payment history. That doesn't seem unreasonable to me.

I realise that Mr N prefers that Nationwide deals with the account. I've not seen though that the third party is doing anything differently to what Nationwide was doing, like for example increasing the debt when Nationwide hadn't been doing so. So, there's no practical difference in the third party managing the account from what I can see. And lenders are entitled to pass accounts on to debt recovery agents when they have defaulted.

I note that our investigator didn't comment on how the default was applied and whether this was fair. Nationwide has said they would like this looked at separately. Mr N has said he asked Nationwide to investigate this and was told by them the matter is with us. I don't know whether there's been a miscommunication here, but it doesn't look to me as if Mr N complained about this specific point when he complained to Nationwide initially. So, if Nationwide hasn't investigated this point yet, it should now do so and provide Mr N with a response within the permitted timescales. Mr N may wish to then refer that particular complaint to us thereafter.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 20 October 2023.

Daniel Picken
Ombudsman