

The complaint

Ms Z complains about the way Nationwide Building Society have treated her in respect of her financial difficulties.

What happened

The background facts are well known to the parties so I will deal with them briefly here.

In summary, Ms Z complains that Nationwide:

- would not continue a £10 a month reduced payment arrangement in respect of account arrears and instead defaulted and closed the account and passed it to a debt collector;
- incorrectly reported missing payments on her credit file even though she was paying to her arrangement;
- contacted her about the debt during a time when it said it wouldn't; and
- has a cost of living advertisement that contradicts the way it acted in her case.

Nationwide concluded that it had not treated Ms Z unfairly so she referred her case to this service.

Our investigator did not uphold the complaint. So it has come to me for a final 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.

I note Ms Z has referred to many things she is unhappy with about the way Nationwide has treated her. She also refers to several accounts including those involving other account holders. Nationwide has referred to Ms Z making many complaints to it aside from this one. So I think it is important to underline here that in this decision I am only considering the specific issues that form part of the complaint as addressed in Nationwide's 'Final Response' letter dated 7 December 2022 – these complaints are in relation to the current account Ms Z held with Nationwide.

I have considered the submissions of the parties but I won't be commenting on them all – only the matters I consider central to this complaint. This isn't intended as a discourtesy but reflects my role resolving disputes informally. In deciding what is fair and reasonable here I have taken into account relevant rules and guidance for example that contained in the Financial Conduct Authority's Consumer Credit Sourcebook (CONC). I have also considered guidance issued by the Information Commissioner's Office (ICO) in respect of the reporting of arrears, arrangements and defaults at credit reference agencies.

I know Ms Z is unhappy with the cost of living advertisement which Nationwide has put out. Commenting on whether advertising is misleading is something more suited to the relevant advertising regulatory agencies. So I do not consider it necessary to go into that here. However, I think this complaint point reflects on Ms Z's unhappiness about how she was treated. So I will be focusing on this in the particular circumstances of her complaint. And from what I can see I don't think that Nationwide has acted unfairly in this instance. I will explain more.

Ultimately, I consider the key issue here is whether Nationwide treated Ms Z fairly in respect of a debt that appears to have resulted from use of her current account. It appears Ms Z had a high overdraft debt she needed to pay back and in order to do so was more recently on a £10 a month token payment plan with Nationwide which ran from March 2022 until August 2022 before it eventually decided to default the account, close it down and pass the debt to a collections agency.

From what I can see Ms Z had informed Nationwide of her struggles with repaying the arrears including health difficulties. This all formed part of her original request for forbearance. Nationwide is required to treat Ms Z positively and sympathetically in relation to financial difficulties she was having. However, I think it did that here by allowing her an arrangement to make token payments to the debt (and freezing interest as long as she kept to the plan).

It appears that this was an arrangement that suited Ms Z too. From the evidence I have seen (including contact notes) it appears Ms Z maintained and was in fact quite insistent to Nationwide that keeping the account open and continuing the arrangement of £10 a month was the best thing for her and it (and I note that even after the default was issued she wanted Nationwide to reinstate the plan and regain access to her account). I can see that as a result of ongoing interactions Nationwide had continued to grant token payment arrangements on the account for several years. Yet the overdrawn balance still was not cleared and things did not improve significantly.

Arguably Nationwide could have defaulted the account even sooner than it did here. Things had gone on for some time under several temporary arrangements without the balance being paid down. It follows that in the particular circumstances here, despite Ms Z's clearly strong desire to avoid a default I don't think Nationwide was acting unfairly in its eventual decision to default the account and pass it to a collections agency. Nor do I think this was not treating her fairly in accordance with CONC or relevant ICO guidance.

From the letters I have seen it appears Nationwide sufficiently communicated with Ms Z about the plans it put in place for her account, the need to get her balance down, and the action it was taking in respect of the outstanding debt (including issuing the default notice). So I don't think it acted unfairly in this respect.

I note Ms Z is unhappy that Nationwide has reported adverse information to her credit file in respect of the account. It isn't entirely clear to me what has gone on the credit file as Ms Z has not provided a copy. However, in any event as she was in payment arrangements it isn't unreasonable that this would be reported to credit agencies by Nationwide and might show as arrears/missed payments. It also isn't unreasonable for the account to reflect a default at this stage as that is a true reflection of the situation in relation to her ability to clear the debt.

Ms Z has said Nationwide had incorrectly told her that this service said Nationwide can't continue the £10 a month arrangement, when in fact this service told her it had not said such a thing. It isn't clear to me when or what exactly was said by Nationwide to Ms Z about this or what the wider circumstances were – but I don't think this materially changes things here in any event. Ultimately Nationwide made its decision to end the arrangement – and this service is able to look into whether that is fair or not.

I note that as part of her complaint Ms Z says that Nationwide called her when it agreed to give her a week of 'breathing space' where it would not call her in respect of the collections activity on the account. It doesn't appear to be in dispute that this was agreed during a call with Nationwide on Friday 7 October 2022. I have listened to the call and heard this. However, Ms Z also insisted on a call from a manager the following Monday about the situation and they appear to have called her as promised on the 10 October 2022. So I can't fairly say that Nationwide was wrong in calling her when it did. I note that collections called her again on 14 October 2022 - but this was after the brief holding period that had been agreed.

I am sorry to hear about Ms Z's personal situation and wish her well for the future, but I am unable to fairly uphold this complaint for the reasons given here.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms Z to accept or reject my decision before 24 December 2023.

Mark Lancod
Ombudsman