

The complaint

Miss E has complained Nationwide Building Society pressured her into making payments towards her debt and set up a special arrangement leaving her with markers on her credit record.

What happened

In 2017 Miss E was asked by Nationwide to reduce her overdraft. She made payments towards the debt, then was provided with money from a compensation claim so this debt was settled by October 2019.

After serious ill health and losing her job, Miss E had no option but to use her overdraft further in 2021. Nationwide discussed these issues with her in March. At this time, due to her personal circumstances which she discussed with Nationwide, certain overdraft charges were refunded.

Nationwide moved her debt to a special arrangement after reviewing Miss E's income and expenditure. Initially Miss E was repaying her debt at the rate of £10 a month. This arrangement was subject to regular reviews when Miss E discussed her circumstances with Nationwide. Within five months Miss E told Nationwide she was hoping to receive additional benefits. After a further review Nationwide confirmed they would be looking to increase her monthly repayments to £110 a month in November 2021 but would keep her affordability under review.

In early 2022 as the arrangement had been in place for a year, Nationwide notified Miss E this would be coming to an end but could be reviewed. Miss E confirmed she would be able to repay £110 per month and would expect to repay the debt in full as she was expecting some lump sum funds later. From March 2022 Miss E paid £110 a month.

In early 2023 Miss E was able to repay the debt in full.

After repayment she complained she'd felt pressured into taking out a special arrangement and didn't understand why she couldn't continue using an overdraft facility. She believed the impact on her credit record – and that any markers remained for six years – was unfair.

Nationwide believed they'd acted in accordance with their hardship guidelines. Miss E brought her complaint to the ombudsman service.

Our investigator didn't think Nationwide had done anything wrong.

Miss E disagreed with this outcome and has asked an ombudsman to consider her complaint.

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've come to the same conclusion as our investigator. I'll explain why.

Nationwide provided us with their detailed case management notes for Miss E's account and how her debt was managed both in 2017 and then again from 2021 to date.

This shows that Nationwide initially refunded Miss E's interest charges on her overdraft in 2021 but felt this wasn't a viable long-term option. Agreeing a special arrangement with Miss E would mean she would be repaying her debt rather than interest. Although I can see from the evidence Miss E was initially unwilling to enter into this arrangement, she did so.

I appreciate this is the crux of Miss E's complaint. I am satisfied Nationwide took the right action. They were aware at the time of Miss E's financial hardship and medical situation and felt that the debt would be better as a special arrangement – which would last over a specific period – rather than extending Miss E's overdraft facility as she initially requested. The latter would have cost proportionately more in terms of interest charged. This would also have been repayable on demand if Nationwide required this because of Miss E's changing risk profile.

From the notes I can see that Miss E was talked through all the reviews and steps taken during the management of her debt. She was aware of the impact on her credit record. I know Miss E believes this is unfair, but any markers are a true reflection of Miss E's financial situation. I am satisfied these have been managed in line with how we – and other regulators like the Information Commissioner's Office – expect financial companies to behave. I won't be asking Nationwide to remove these as I have no grounds to do so. Unfortunately hardship isn't a reason for removing any markers.

Miss E's special arrangement lasted for two years. This was removed in March 2023. At this stage Miss E confirmed she no longer required an overdraft but Nationwide mistakenly didn't remove this facility from her account. Miss E continued to use this facility regularly throughout the remainder of 2023. According to Nationwide's case notes, this use has been assessed to be low risk because of the lower sums now involved.

I've reviewed Miss E's complaint in full and don't believe it would be fair to ask Nationwide to do anything further.

My final decision

For the reasons given, my final decision is not to uphold Miss E's complaint against Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 12 June 2024.

Sandra Quinn
Ombudsman