

## **The complaint**

Mr G complains that Nationwide Building Society refused to grant an extension to his payment holiday and defaulted his account.

## **What happened**

In October 2018 Mr G took out a personal loan with Nationwide for £25,000. The term of the loan was 60 months, and the monthly repayments were £557.45.

In March 2020 Mr G asked Nationwide for a payment holiday. Nationwide agreed to this and extended it for a further 3 months in July 2020.

When the payment holiday ended, Mr G contacted Nationwide to discuss his options. He said he couldn't afford to pay his contractual monthly repayment and said he could only afford to pay £130 per month. Nationwide said it couldn't provide any further payment holidays and warned Mr G that if he didn't resume contractual monthly payments, the account may be defaulted.

Mr G didn't resume his contractual monthly payments and the account was defaulted.

Mr G complained to Nationwide. He was unhappy that his offer of payment hadn't been accepted and felt that he'd been left with no choice but to accept a default, which had impacted his credit file.

Nationwide didn't uphold the complaint. It said it had agreed a payment holiday with Mr G in March 2020 and extended this in July 2020, and that it had informed him in July 2020 that if the account was defaulted, his credit file would be impacted.

Mr G remained unhappy and complained to this service.

Our investigator didn't uphold the complaint. They said that Nationwide had offered all the support it was able to under the payment holiday measures. They said that although a lender is required to treat a consumer in financial difficulties positively and sympathetically, this didn't mean that Nationwide was obliged to accept a lower monthly payment. The investigator said he hadn't found any evidence to suggest that Mr G had been advised to allow the account to be defaulted. The investigator said that Nationwide hadn't made an error when it reported the default because it was under an obligation to provide accurate information to the credit reference agencies.

Mr G didn't agree. He said the default had impacted his credit file and was preventing him from moving house.

## **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.

Mr G's initial complaint was that he wasn't told about the effect of the default. More recently

he's told this service he doesn't think that Nationwide helped him in the way it was supposed to during the pandemic.

I'll address the support that was offered during the pandemic first. There were support schemes available at the time of the pandemic. One such scheme was the Payment Holiday (or payment deferrals) measures introduced by the Financial Conduct Authority (FCA). The guidance said that lenders should offer consumers impacted by the pandemic up to six months payments deferrals to be taken in two blocks of three months.

I can see that Nationwide offered Mr G a three month payment holiday in March 2020. This was extended for a further three months in July 2020. This was the maximum period available under the scheme.

When Mr G's payment holiday ended, I can see that he contacted Nationwide to let them know that he wasn't able to pay his contractual monthly payments. Nationwide has provided a call recording, which I've listened to. It's clear from the call that Mr G's employment was still affected by the pandemic and that he couldn't pay the contractual monthly repayment. During the call Mr G said he could only afford to pay £130 per month. The Nationwide agent said that no further payment holidays were available and that if Mr G didn't resume the contractual monthly repayment, the account would be defaulted.

I appreciate that Mr G didn't want the account defaulted. This is clear from the call. However, I'm satisfied that the agent explained clearly to Mr G that if the contractual monthly payments weren't made, a default notice would be issued.

I can see that Mr G made payments of £125 in October 2020 and November 2020. However, this wasn't the contractual monthly payment, and the arrears on the account increased to over £4,200. It was at this point that a default notice was issued.

In the circumstances, I don't think it was unreasonable for Nationwide to default the account. The relevant guidance says that a default may be registered when an account is between three and six months in arrears. Mr G's account met these criteria.

Mr G has said that Nationwide should've treated him positively and sympathetically and allowed him to pay a reduced amount under a payment plan. Whilst a lender is obliged to treat a consumer who is experiencing financial difficulties positively and sympathetically, this doesn't mean that a lender is obliged to accept a lower monthly payment. Based on what I've seen, I'm persuaded that Nationwide treated Mr G positively and sympathetically by agreeing the payment holiday and the extension, and by allowing Mr G time to check with his employer as to whether his circumstances might change soon. I haven't seen any evidence to suggest that Nationwide encouraged Mr G to allow the account to be defaulted.

I appreciate that this was a difficult time for Mr G, and I understand that the default will have had an impact on his credit file. Mr G has asked this service if the default can be removed. I'm unable to ask Nationwide to do this, because I can't see that it has made an error by reporting the default. As a lender, Nationwide is under an obligation to provide accurate information to the credit reference agencies. The reporting of the default was an accurate reflection of the state of Mr G's account.

For the reasons I've explained, I'm unable to uphold the complaint.

### **My final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 16 January 2024.

Emma Davy  
**Ombudsman**