

The complaint

Mr K complains that Nationwide Building Society has treated him unfairly in regard to the loan it provided to him in 2021.

What happened

Mr K was provided with a loan by Nationwide in June 2021. During the pandemic he was staying overseas and hasn't returned since. He became ill and was in hospital and due to this he wasn't checking his account. In this period Nationwide sent letters to his UK address, but he didn't receive these. When Mr K checked his account, he found it had been defaulted. Mr K says that he had the money available to make his repayments. When he contacted Nationwide, Mr K says he felt pressured to repay the loan in full. He says he is now blacklisted and while he received £50 from Nationwide he doesn't know why.

Nationwide issued a final response dated 21 September 2022. It said that Mr K's direct debit payments for February, March and April 2022 were unsuccessful and as a result of three consecutive missed payments, the direct debit instruction was automatically cancelled. It noted Mr K was overseas but said it sent letters to the address it had on file and tried to call him. A default notice was issued requesting payment in full by 15 July. As this payment wasn't made and Mr K didn't make contact his account was transferred to an external party. In regard to Mr K's complaint about the time he spent on a call on 2 August it said that there was lots of information discussed and it was satisfied with the conduct of its staff. However, it couldn't say how long Mr K had been waiting before he was connected, and it also noted that the adviser should have been able to confirm to Mr K that repaying his loan over the 24 month option would have been at zero interest due to the account having been defaulted. Because of these issues it paid him £50 compensation.

Our investigator didn't uphold this complaint. She didn't think that Nationwide had done anything wrong by applying a default to Mr K's loan given he had missed three payments. She said that the £50 paid to Mr K for the long wait times and for not telling him the new APR of the loan was reasonable.

Mr K didn't accept our investigator's view. He said he had no missed calls from Nationwide and he reiterated that he hadn't accessed his account because he was unwell. He said that when he transferred £500 to his loan account, he wasn't aware that it had already been defaulted. He said he had the money available to repay the loan and that the mitigating circumstances should be considered.

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 can understand why Mr K is upset that his loan defaulted but having looked at the information provided I do not find I can say that Nationwide did anything wrong by taking this action.

Mr K was provided with a loan in June 2021 and set up a direct debit to make the payments. However, the payments were unsuccessful in February, March and April 2022 which resulted in the direct debit being cancelled and Mr K's account going into arrears. I appreciate that Mr K was overseas at the time, and I am sorry to hear that he was unwell but as he hadn't made Nationwide aware of this, I cannot say it was required to do anything different to its usual process in these circumstances.

Because of the arrears on Mr K's account a default notice was issued. I understand that Mr K wasn't receiving his post as he was overseas but as the letter was sent to the address held on file for Mr K I find that Nationwide took the action that we would expect. I note Mr K's comment that he had no missed calls from Nationwide, but Nationwide has provided a call log showing that calls were made from its automated dialler system, and it has said that voicemails would be left up to a limit. Therefore, I find it did attempt to contact Mr K before taking further action. The default letter provided details of the payment Mr K needed to make by 15 July to prevent further action being taken. As this payment wasn't made, and Mr K hadn't made contact with Nationwide at this point, I cannot say that Nationwide was wrong to take further action.

Mr K called Nationwide on 2 August to explain his situation. I have listened to the calls that have been provided and looked through Nationwide's call notes. Mr K was told that payments towards his loan had been returned and he was given the arrears on his account. Mr K said he had moved money into this account, but this seemed to have happened too late. Mr K was told that a default notice had been issued and the impact on his credit file of the default. I appreciate that Mr K wasn't happy with this, but I find the adviser gave accurate information about his account and the impact of a default. Mr K has said he felt pressured to repay the loan, but he was given the option to repay over 24 months but instead he decided to pay the full amount.

I can understand why Mr K wanted to know about the interest rate he would be charged if he repaid the balance over 24 months and the adviser wasn't able to confirm to him that there would be no interest given the account had defaulted. This was a mistake but as Mr K said he wanted to pay the balance immediately I do not find I can say that he would have acted differently had this information been provided. That said, I find it reasonable that Nationwide compensated him for this and also for potentially having to wait for an extended period before speaking to an adviser. Nationwide paid Mr K £50 because of these issues and I find this reasonable.

In conclusion, while I understand why Mr K is upset that his account was defaulted, I do not find I can say Nationwide did anything wrong. It has compensated him for the service issues and in this case, I do not require it to do anything further in resolution of this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 17 January 2024.

Jane Archer
Ombudsman