

The complaint

Mr and Mrs P complain that Nationwide Building Society wouldn't add Mrs P to Mr P's FlexAccount.

What happened

I previously issued my provisional decision on this case. It was my intention to come to a different outcome to the Investigator. Because of this, I wanted to give both parties the chance to respond with anything else they wanted me to consider before I came to my final decision on the matter.

I have copied my provisional decision below, which also forms part of this final decision.

"Mr P has a FlexAccount with Nationwide in his sole name. He wanted his wife, Mrs P, to be added to the account as a joint account holder. Mrs P applied; however, Nationwide rejected the application stating the reason for this was because Mrs P doesn't have any credit history.

Both Mr and Mrs P were very unhappy with Nationwide's decision not to add Mrs P to the account – they say this has caused them embarrassment. And that there shouldn't be any negative information on Mrs P's credit file and so it's unfair of them not to add her.

The Investigator who looked into the complaint didn't think it should be upheld. They explained that the application form confirms an application can be rejected. And the Investigator explained that the rejection was due to Mrs P not having any credit history. The Investigator added that these same criteria would apply to all customers and so they didn't feel that Mr or Mrs P had been treated unfairly, or differently to other customers in the same position.

Mr P didn't agree with the Investigator's view – and reiterated that there isn't any negative information being reported about Mrs P to the credit reference agency and so Nationwide's decision not to add her is unfair.

What I've provisionally 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 considered all of the information available to me, it is my current intention to uphold the complaint.

I accept that it is up to Nationwide to decide who it offers accounts to. Who it offers accounts to is a commercial decision that this service generally wouldn't interfere with – unless, I were to find that Mr and Mrs P had been treated unfairly, which I currently find to be the case.

Nationwide has sent me information about the process it follows when adding an account holder. This confirms that for the FlexAccount, which Mrs P was applying to join, a credit check would need to be completed. It also confirmed that if the person applying for an

account didn't have a credit history, then they would reject the application.

In this case, I have seen evidence of Nationwide checking its system using Mrs P's details. I can see that no matches came back following a credit search – which suggests that Mrs P doesn't have a credit history. Because of this Nationwide's process confirms that the application should be rejected, which is what it did. But I don't currently find, in the circumstances of this particular complaint, that this is fair.

I asked Nationwide what risk it was attempting to mitigate by rejecting Mrs P's application. It explained that the account she was applying to be added to is one with the option to add an overdraft facility. And it would need to be confident that if she was added to the account, that she would be able to afford any overdraft repayments, given that she would be jointly liable for any debt accrued on the account.

I agree that Nationwide have a responsibility to check that an account holder can afford and sustain any borrowing before agreeing to lend. And I accept that one of the ways it could do this is by checking a person's credit history.

But in this case, as far as I'm aware, there isn't an overdraft facility currently on this account. So, there doesn't appear to be any immediate risk of Mrs P not being able to afford to repay any borrowing, because I'm not aware there is any. Based on this, and given that Mrs P has no credit history, as opposed to a poor credit history, I currently find the risk of Mrs P being added to the account very low. And I don't currently find that Nationwide's reasoning behind why it won't add her to the account to be fair.

In addition to what I've said, the terms and conditions of current account state:

"We may agree to give you an arranged overdraft if you meet the eligibility criteria. If you ask us for an arranged overdraft or to increase an arranged overdraft, we may carry out searches with licensed credit reference agencies before deciding to give you one."

This suggests that checks would be carried out prior to an overdraft facility being granted, which I think is fair – given Nationwide's responsibility to lend appropriately. I would expect Nationwide to carry out checks before lending to Mr and Mrs P, if the time came when they wanted an overdraft facility. And I think it would also be fair of Nationwide to assess the risk of lending to both of them at this time. I accept that this could also result in an overdraft facility being declined.

But as it stands, I'm not aware there is an overdraft facility, so no lending risk. And Mr and Mrs P haven't mentioned an immediate intention is to apply for an overdraft. If they did want to do this in the future, then I'd expect Nationwide to assess the risk of lending at that point in time. And it would then be up to Nationwide to decide if Mr and Mrs P meet its lending criteria at this point.

I have noted that Nationwide say that Mr and Mrs P could apply for a different type of account that doesn't offer an overdraft facility. But I don't find this to be a fair or suitable resolution to the complaint.

Based on what I've said, I don't currently think Nationwide's reasons for its decision to not add Mrs P to Mr P's Flex account are fair. And it should put things right for Mr and Mrs P by adding Mrs P to the account (if the only reason it won't add her is because she doesn't have a credit history). And it should pay Mr and Mrs P £200 for the distress and inconvenience this situation has caused."

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.

Both parties responded to my provisional decision to say they accepted it. Because of this, I see no reason to depart from my provisional findings. It follows that my decision is to uphold Mr and Mrs P's complaint.

Putting things right

I order Nationwide to put things right for Mr and Mrs P by:

- adding Mrs P to Mr P's FlexAccount as a joint account holder. And;
- pay Mr and Mrs P £200 for the distress and inconvenience this situation has caused

My final decision

For the reasons set out above, I uphold Mr and Mrs P's complaint. I order Nationwide Building Society to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 31 August 2023.

Sophie Wilkinson
Ombudsman