

## **The complaint**

Mr C and Miss T complain that Nationwide Building Society have removed their overdraft and passed the outstanding debt to a debt management company.

## **What happened**

Nationwide removed the overdraft for Mr C and Miss T's current account in June 2018. Miss T phoned Nationwide to find out why the overdraft had been removed. The call handler said Nationwide wrote to Mr C and Miss T in May 2018, explaining they were going to remove the overdraft based on a review of the account over a period of six months.

The call handler said that Mr C and Miss T could make an arrangement to pay the outstanding debt in the branch but when they visited the branch they were told that the staff were unable to facilitate an arrangement.

Miss T rang Nationwide on 27 July 2018 but was unable to come to an arrangement with the call handler. At the time she had health issues and didn't know how much her employer was going to pay her, so she couldn't complete her income and expenditure on the call. Nationwide agreed to waive contact until 7 August 2018 and they sent another copy of the May 2018 removal of overdraft notice to Mr C and Miss T. Nationwide said this would give Miss T time to find out how much her employer would pay her while she was ill.

Miss T says she wrote to Nationwide with an offer to pay £100 a month to reduce the outstanding debt. As she didn't hear back from Nationwide she assumed the offer was accepted.

Nationwide say they didn't receive this offer. They say they tried to contact Mr C and Miss T by ringing them and sending five letters but received no response. As a result of this Nationwide continued with the collections process. A default notice was issued on 24 October 2018 and as no action was taken by Mr C or Miss T, this led to the account defaulting and the debt was passed onto a debt management company.

In January 2019, Mr C and Miss T received a letter from the debt management company explaining that they were now managing the outstanding debt and not Nationwide. Miss T said she hadn't been notified that the debt was being passed to another company.

Mr C and Miss T complained to Nationwide regarding these issues and asked Nationwide to refund any charges from the removal of their overdraft facility. Nationwide explained why they removed the overdraft, as Mr C and Miss T were in a debit position for the entire last review period and the account hadn't been in credit once in that time. As Mr C and Miss T hadn't responded to attempts to contact them then Nationwide said their collections process was exhausted and that's why they passed the debt onto a debt management company. Nationwide said they wrote to Mr C and Miss T to inform them of this.

On the request to refund charges, Nationwide said there were three unarranged overdraft charges which were charged in line with the terms and conditions but agreed to re-credit the

account with £44.24 (for direct debit reversal, arranged overdraft and some unarranged overdraft charges).

Nationwide apologised for the call handler saying that an arrangement could be discussed in branch and explained that branch staff weren't trained in this area so were unable to assist Mr C and Miss T to make an arrangement. Nationwide said they were going to send a cheque in the post for £75 to reflect the impact the wrong information had on Mr C and Miss T. But Mr C and Miss T didn't agree with Nationwide's response - they didn't think this went far enough so they brought their complaint to our service.

Our investigator did not uphold Mr C and Miss T's complaint. The investigator explained that Nationwide were within their rights to remove the overdraft and quoted the terms and conditions of the account allowing them to do this. The investigator also said that Nationwide had sent correspondence to Mr C and Miss T's registered address, keeping them informed of actions they were taking step by step. The investigator concluded the redress Nationwide paid was fair.

Mr C and Miss T disagreed with the view of the investigator and wanted an Ombudsman to review the complaint. Miss T raised further questions regarding obtaining bank statements and transcripts of telephone calls.

### **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'll start by saying that Mr C and Miss T raised a couple of points during the review, such as asking for transcripts of calls and getting copies of bank statements. I've asked the investigator to contact Miss T to see if there is anything in particular they wanted to see. Because we have copies of statements and some calls. However, Miss T didn't respond to the voicemail left or email the investigator sent.

However, I'd like to assure Mr C and Miss T that I've looked at the bank statements in detail and listened to the calls we hold. The statements show that apart from a payment of £75 made by a third party bank on 8 November 2018, there were no further payments credited between 11 July -12 November 2018. Nationwide stopped issuing statements for Mr C and Miss T when the default was registered so the last statement is dated 12 November 2018.

I'm satisfied Nationwide acted fair by removing the overdraft. I say that as the current account wasn't in credit over the last review period. This could indicate that Mr C and Miss T couldn't sustain the overdraft, so I don't believe it was an unreasonable step for Nationwide to take, given the circumstances here.

An overdraft is a form of borrowing and as section 28 of the account terms and conditions makes clear, it is repayable on demand. This is a point that's also confirmed in the overdraft agreement. So I'm satisfied Nationwide were entitled to cancel the arrangement and seek repayment of it in full.

I've also seen the correspondence Nationwide sent Mr C and Miss T. The letters were sent to the registered address of Mr C and Miss T. So, I'm satisfied Nationwide fulfilled their duty to send the correspondence they were required to. These letters include informing Mr C and Miss T that the overdraft was going to be removed, notices about the outstanding debt and how to contact Nationwide to discuss the debt and the default notice.

Nationwide accept they gave Miss T incorrect information on the phone regarding visiting the branch to make an arrangement to reduce the outstanding debt. It would've been frustrating for Mr C and Miss T to visit the branch, only to find out the staff couldn't help. So, what I would expect Nationwide to do here is to apologise and recognise the impact this had on Mr C and Miss T. This is what they've done as Nationwide apologised and they sent a cheque for £75 to reflect the impact the wrong information had on Mr C and Miss T.

Miss T also asked Nationwide to refund charges from the removal of the overdraft. Nationwide agreed to refund £44.24 of charges. Although Nationwide didn't refund an additional £15 of charges this is because this related to unarranged overdraft interest which were charged in line with the terms and conditions so I believe Nationwide have acted fairly by refunding the £44.24 here as the £15 of charges they didn't refund related to the unarranged overdraft which was in place until the account defaulted.

I've considered that Miss T has said she wrote to Nationwide to make an offer of £100 and when Nationwide didn't respond to her letter she assumed they had accepted her offer. I asked Nationwide to provide me evidence of any correspondence they've received from Mr C and Miss T. Nationwide provided me with a screenshot of their system which shows correspondence received from when Mr C and Miss T first became members but this didn't show any letters from Mr C or Miss T regarding their overdraft. While Miss T assumed her arrangement had been accepted, I would've expected a credit of at least £100 a month to be paid into the joint account and this didn't happen. So, I can't say that Nationwide were unfair for continuing the collections process.

Finally, as Mr C and Miss T didn't respond to any of the letters Nationwide sent, I'm satisfied that it was fair for Nationwide to conclude they'd exhausted their collections process and passed the outstanding debt to a debt management company. I'm also satisfied the £44.24 paid to reduce the outstanding debt and the £75 Nationwide paid Mr C and Miss T for giving them incorrect information is fair and reasonable for the reasons given above. As Miss T has said on a call to our investigator that she hadn't banked the cheque yet, the cheque will likely have expired. So while it follows I won't be asking Nationwide to do anything further to resolve the complaint, if the cheque hasn't been successfully banked then I'll require them to send Mr C and Miss T a replacement cheque for £75. It would be advisable for Nationwide to cancel the original cheque.

### **My final decision**

Nationwide Building Society has already made an offer to pay £75 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Nationwide Building Society should pay £75 by cheque to Mr C and Miss T (if they haven't already banked it). But I won't be requiring them to do anymore. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Miss T to accept or reject my decision before 16 April 2021.

Gregory Sloanes  
**Ombudsman**