

## **Complaint**

Mr R complains that Nationwide Building Society (Nationwide) acted irresponsibly when granting an increase in his overdraft facility.

## **Background**

Mr R holds an account with Nationwide. He applied initially for an overdraft of £50 and shortly after requested an increase to £250, which was approved by Nationwide. Mr R believes that Nationwide didn't carry out proper checks before providing the increased overdraft as it would have highlighted he had previous credit problems and had been in a debt management plan. Mr R has gambling issues and is experiencing financial difficulties and believes Nationwide should write off the £250.

Nationwide say that they carried out their usual credit reference searches and the overdraft was approved in line with their credit scoring process. They feel that the level of overdraft provided was sustainable given the activity seen on the account. They didn't feel they had acted incorrectly. Mr R didn't agree and referred the matter to this service.

The investigator gathered the information available and decided not to uphold the complaint. They said that evidence had been provided by Nationwide to show credit checks had been carried out at the time of the request. The investigator said Nationwide acted properly when considering the overdraft request.

Mr R disagreed and asked for the matter to be referred to the ombudsman.

## **My findings**

I've considered all the available information, evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I agree with the investigator's view in this case and I will explain the reasons for my decision.

Mr R has told us about financial and gambling problems he's faced, which must be a cause of stress to him. I can see that Mr R felt it was too easy for him to have his overdraft facility increased, especially as he had experienced financial difficulties before.

Mr R says his record showed he had been in a debt management plan, but from the information I have seen, while credit was previously granted to him, the debt management plan he mentioned came into place after the date of his agreed overdraft with Nationwide.

It is important that all banks take care when providing overdraft facilities and this means a credit worthiness assessment is something they should consider. But there are no set checks a lender should carry out. Instead, any assessment of affordability should be borrower focused and proportionate to, amongst other things, the amount being borrowed. When coming to my decision I have considered if Nationwide acted irresponsibly or failed to complete reasonable and proportionate checks to satisfy if the borrower was suitable for the overdraft approved, here.

So, I have considered these points when considering Mr R's complaint.

Mr R holds a Nationwide Flex Direct Account, this account can have arranged overdraft facilities if requested and approved. When Mr R applied for the overdraft Nationwide carried out credit reference searches which didn't show Mr R was in a debt management plan as he suggested. They also provided this service with copies of bank statements and account screen shots showing income levels over the preceding 3 months, which met their criteria to approve the overdraft.

In the circumstances I understand the point Mr R makes about the ease in which the overdraft was provided. But I feel, on balance that Nationwide carried out checks proportionate to the level of borrowings provided here and with a level of scrutiny appropriate to this level and the type of borrowing Mr R applied for.

I was sorry to learn of Mr R's gambling issues and that must be a source of worry to him. But, gambling is a legitimate way of spending money and the level of activity on the statements I have seen, I am satisfied, wouldn't on its own alert Nationwide to a gambling problem here.

Having seen Mr R's statements that gives a good idea of his income and expenditure, I think it's important to bear in mind here that the amount Mr R applied for was only relatively small. There was no obligation on him to use the money the overdraft made available to him all at once either.

So overall and on balance, I am satisfied the level of checks undertaken by Nationwide was in proportion to the overdraft facility approved and it would have looked sustainable for the purposes it is intended - to cover short falls and the timing of the receipt of regular income to the account. This is what happened here.

I understand Nationwide offered Mr R a plan to repay the overdraft over a period of time. If Mr R is now experiencing financial difficulties I would urge him to discuss a suitable repayment plan with them.

I know that Mr R will be disappointed with my decision but I am, on balance, satisfied that Nationwide have done what I would expect here. It follows, I can't ask anymore of them.

### **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 R to accept or reject my decision before 2 June 2020.

Barry White  
**Ombudsman**