

## The complaint

Mr N is unhappy that Nationwide Building Society transferred his account to a debt collection agency in error.

## What happened

Mr N was in arrears with his Nationwide credit card and had a repayment arrangement in place which had expired. In November 2018 Mr N renewed the repayment arrangement and agreed to pay Nationwide £125 a month for 55 months by standing order.

But Nationwide made an error when setting up the standing order, and the payments didn't go through. In January 2019 Nationwide wrote to Mr N and told him that, because payments weren't being made, his account could be transferred to a debt collection agency. And, in February 2019, because Mr N hadn't paid anything, Nationwide transferred the account.

Mr N wasn't happy to deal with the debt collection agency and made payments to Nationwide instead. In October 2019 Nationwide recalled the account from the debt collection agency.

Mr N complained that Nationwide made an error when setting up his standing order and transferred his account to the debt collection agency as a result. He's also unhappy that the debt collection agency kept contacting him to make payments. Nationwide said they'd made a mistake and paid Mr N £50 by way of an apology. But Mr N didn't think this was acceptable and has brought his complaint to the Financial Ombudsman Service.

Our investigator said it wasn't disputed that Nationwide didn't set up the standing order correctly. But he felt that Mr N should've noticed that the payments weren't coming out of his bank account. So he felt Nationwide had acted reasonably by telling Mr N they would transfer his account to a debt collection agency if payments weren't being made, and then doing so when no payments were made. The investigator also thought it was reasonable for the debt collection agency to contact Mr N to set up a payment plan, and they would've stopped chasing him had he done so.

So the investigator said that, given the circumstances, the offer of compensation made by Nationwide for their initial error was reasonable. And he didn't think they needed to do anything more.

Mr N didn't agree with the investigator. He's said that Nationwide took eight months to take back the account from the debt collection agency, which caused him prolonged uncertainty, discomfort and inconvenience. And he feels the error "*exposed me to numerous worrisome telephone calls and letters from their debt collectors.*" And Mr N thinks that we have refused to listen to what he's said, instead giving preferential treatment to Nationwide by only relying on what they've said and the evidence they've provided.

Mr N has also said that Nationwide offered him £50 compensation for the transfer to the debt collection agency, and a further £75 when they made a mistake when crediting an in-branch

payment to his credit card. Mr N doesn't think the £50 was sufficient in the circumstances, so he's asked for an ombudsman to make a final decision.

### **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.

Firstly I'd like to explain the role of the Financial Ombudsman Service. We're an independent complaint handling body. We're not here to defend the financial services industry. But we're also not here to act as a consumer champion. We investigate complaints brought to us and decide what is a fair and reasonable outcome based on the evidence we've seen. Having reviewed the evidence, I agree with the investigator's findings on this complaint for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

The basic facts of this case aren't in dispute. When Mr N renewed his payment arrangement in November 2018, Nationwide didn't set up the standing order correctly. Because of this the payments for November 2018, December 2018 and January 2019 weren't paid.

I agree with the investigator that, if Mr N was expecting payments to come out of his account, and this didn't happen, this is something he should've noticed – he'd have more money in his account than he'd expected. And I've seen that Nationwide wrote to Mr N on 28 December 2018, telling him that payments hadn't been made. They asked him to contact them about this, but I can't see that Mr N did.

I've also seen that Nationwide wrote to Mr N again on 10 January 2019. This letter was a final request for Mr N to pay the outstanding arrears under the new payment arrangement. Nationwide gave Mr N various payment method options, including providing him with the correct standing order details. They also asked Mr N to get in touch with them if he was struggling to make payments.

This letter also said that Nationwide would refer Mr N's account to a debt collection agency if he didn't contact them or make payment within seven days. Again I haven't seen anything to show me that Mr N contacted Nationwide or paid any of the missing payments under the new payment arrangement. So I think Nationwide acted reasonably by transferring the account to the debt collection agency on 8 February 2019.

Mr H has said he found the correspondence from the debt collection agency annoying and disturbing, and he didn't agree with the figures they were quoting. So he says that he paid Nationwide directly and told the debt collection agency that he *"saw no reason for their involvement."* While I appreciate how Mr N felt, as I've said I thought Nationwide acted reasonably in the circumstances. And the debt collection agency were entitled to contact him for payment. Nationwide didn't have to accept the payments after the account had been transferred, but they did. And they also didn't have to recall the account from the debt collection agency.

Nationwide clearly made a error in setting up the standing order. But Mr N would reasonably have known this, and he had plenty of opportunity to respond to Nationwide's contacts about this. Nationwide were clear in what would happen if he didn't contact them, and they didn't do anything they didn't say they would do. So I agree that the £50 compensation they've offered was reasonable. And I won't be asking them to do anything more.

Mr N has also commented on the service he's received from the debt collection agency. My decision is considering the service provided by Nationwide only. Because of this, I won't comment on the service provided by the debt collection agency. And I've seen that the investigator has advised Mr N he needs to raise a separate complaint with the debt collection agency about the service he's received from them.

### **My final decision**

For the reasons explained above I don't uphold Mr N's complaint about Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 16 September 2020.

Andrew Burford  
**Ombudsman**