

## **The complaint**

Mr W complains that Nationwide Building Society (Nationwide) sent him a persistent debt letter and then gave him no help with his debt.

## **What happened**

Mr W had a credit card from Nationwide with a limit of £2500. In September 2018, Nationwide sent to him a persistent debt letter. He repaid and closed his account in November 2020.

Mr W complained that he found the persistent debt letter distressing. And when he called Nationwide about it they didn't help him. He asked for his interest rate to be reduced, but Nationwide only said that he should increase his repayments – and the only way they could reduce the interest rate was if he went on a payment arrangement – which would be noted on his credit file – which he didn't want. He said they didn't engage with him when he asked about consolidating his debts.

Nationwide said the persistent debt letter used wording laid down by the Financial Conduct Authority (FCA) and was sent in line with regulatory requirements. The letter said that because Mr W was paying more in interest and fees than his monthly payments, his debt might take longer to clear, and he should consider increasing his payments. Nationwide would consider a reduction in interest rates if Mr W was in financial difficulty, in which case he would go onto a payment plan – but this would be noted on his credit file.

Mr W brought his complaint to this service. Our investigator said Nationwide had acted reasonably. When Mr W called Nationwide, he said he could make the monthly payments, but asked that they reduce his interest rate. It was fair for Nationwide to say they could only do this if he went onto a payment arrangement – and then if he was in financial difficulty. But the information he gave Nationwide suggested he wasn't in difficulty – as he was making the monthly payments. He agreed that Mr W mentioned that he might want to consolidate his debts – but there wasn't a discussion about this taken forward.

Mr W asked that an ombudsman look at his complaint.

## **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.

Mr W has said that he found the persistent debt letter distressing – and that on the back of it, Nationwide should've offered him more support and help – by reducing the interest rate on his card. He also says that they should've been able to look into his whole circumstances and offer ways to help him by consolidating his debts.

I've looked at the persistent debt letter. As Nationwide have said, the wording of this was laid down by the FCA. Its intention was to say to customers that, over a period, their monthly payments were less than they were paying in interest and fees – so the debt would take a

long time to repay. And therefore, they should consider increasing the payments. This was so customers don't find themselves in a spiralling debt situation which they can't afford. And that's what Mr W's letter said. It says *"We're getting in touch because over the past 18 months, you've paid more in interest, charges and fees than you did repaying your credit card debt. Just so you know, if you don't pay more than the minimum amount each month, you can end up paying back more over a longer period of time."* But - Mr W found it distressing – and I can see how he might have thought this as it does say *"We're sorry but if you don't increase your payments, we could end up having to suspend your credit card."*

But equally, the letter also pointed out what Mr W should do if he wanted help: *"We really want to help you with this which is why we're contacting you now."* And *"Please don't hesitate to call us on xxxxxx if paying more every month will cause you any financial difficulties or if you have money worries. You can also find where to get independent help by turning over this letter (where it showed independent debt advice contacts)."*

Mr W called Nationwide in September 2018. I've seen a review of that call. On it, Mr W asked for his interest rate to be reduced. But – he also said he could afford the monthly payments. He said he wasn't in financial difficulty. The call agent mentioned an income and expenditure form – but this wasn't felt to be needed either. He didn't want a block on new purchases being put on his account – which would've been the case if he'd gone onto to a payment arrangement. So – given what Mr W told Nationwide, I don't think it would be fair to expect them to conclude Mr W was in financial difficulty and needed help. Mr W told us that he could only make the payments by missing meals and not buying food – but there was nothing in the call that suggested he told Nationwide this – and in all fairness, they can't be expected to know that if Mr W didn't tell them so.

If Nationwide had been asked by Mr W for help because he told them he was in financial difficulty – they might have agreed a payment plan with him. This might have included a reduced interest rate and lower payments – but he would have had to complete an income and expenditure form so they could see what he could afford to pay. Also, they were right to say that Mr W's card would have to be suspended – they would normally do this to stop customers from getting into more debt. And they were right to say that this would be noted on his credit file – all businesses, including Nationwide, must report such information the credit reference agencies – that's an obligation. So – Nationwide were correct in what they told Mr W here.

Mr W says he asked for help in consolidating his debts. There's one reference to this on the call – and the caller says they were unsure whether Nationwide could help. This wasn't particularly good service – but equally, Mr W didn't appear to push the point or put forward any figures regarding what he wanted to do – so on balance, I don't think Nationwide could've helped much more here.

So – and I know that Mr W will be disappointed by this – I think that Nationwide acted reasonably, and I won't be asking them to do anymore here.

**(continued)**

**My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 1 July 2021.

Martin Lord  
**Ombudsman**