

The complaint

Mr C complains about Nationwide Building Society unhelpful response when he let it know that he was having difficulties repaying his loan.

What happened

Mr C took out a Nationwide loan in January 2019.

In January 2020 Mr C contacted Nationwide to say that he'd been signed off from work for three months due to mental health and that he was having difficulties making that month's payment. Mr C says he didn't get a response from Nationwide. Nationwide disagrees.

Nationwide subsequently sent Mr C several letters to say that his loan repayments were in arrears and if he didn't bring them back up to date his loan would be defaulted. Mr C complained, saying that Nationwide hadn't been interested when he'd reached out in January 2020, and questioning why it was sending him letters in the middle of a pandemic when it was obvious he'd lost his job and had no money coming in.

Nationwide looked into Mr C's complaint, didn't reply within eight weeks and, when it did so, said that it didn't think it had done anything wrong. So, Mr C complained to us.

One of our adjudicators looked into Mr C's complaint and said that they thought Nationwide could and should have done more for Mr C as it was clear at the time that he was vulnerable. Our adjudicator recommended that Nationwide bought the debt back – it sold the debt to a third party in September 2020 – and agree a repayment plan. In addition, our adjudicator recommended £100 in compensation. Nationwide disagreed saying that it had told Mr C to contact their collections department when he reached out and that he chose not to do so. Nationwide asked for an ombudsman to look into the complaint. So, I've done that.

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 C took out a Nationwide loan in January 2019. I've seen nothing to suggest that the loan was unaffordable at the time, and nothing to suggest that Mr C wasn't going to be able to repay it. I can see that he made all of his payments on time until January 2020. I can see that Mr C didn't pay in full in January 2020, that he paid in full in February 2020 and that he then missed a number of payments and was sent a notice of default. I'm satisfied, based on what I've seen, that his circumstances changed in September 2019 in a way neither party could have anticipated and that he got into financial difficulties.

Mr C has told us – and told Nationwide in January 2020 – that in September 2019 he was signed off from work due to mental health issues. I accept that this was the case. It's clear that by January 2020 this was having an impact on Mr C's finances and that this is when his financial difficulties began.

Mr C says he tried to call Nationwide on 8 January 2020 and was told the department he needed to speak to was closed. He says he also tried to go to branch but couldn't get an appointment to speak to anyone. I accept this. It's unfortunate that no-one at Nationwide was able to speak to Mr C. Had they done so, I'm satisfied that Mr C and Nationwide would have been able to come to an agreement about Mr C's payments, and that Nationwide would likely have agreed to give him a breathing space to get back on top of his finances.

Mr C emailed Nationwide to explain that he was having a really difficult time paying his loan that month and asking for help. He did so on 9 January 2020 having tried and failed to speak to Nationwide as I've just mentioned. I've seen a copy of Mr C's email. He said that he'd not missed a payment before and that he didn't want this to ruin his credit score. In his email he not only offered to pay £100 to £150 now, but also explained that he'd been signed off from work for the past three months with mental health and had used all his savings.

Mr C says he didn't receive a reply from Nationwide. That's not entirely accurate. Nationwide emailed him back the following day saying that he should contact its collections department and that they'd be able to explore different options with him. It's unfortunate that Mr C didn't call Nationwide's collections department, as it's very likely that they would have been able to help. I can, however, also understand why this response would have been frustrating given that Mr C had already tried calling to speak to someone and arrange an appointment. In addition, Mr C had explained in detail what had happened, and had offered to make a part payment for January 2020. As I've said, it's unfortunate that Nationwide didn't follow this up as I'm satisfied that Mr C and Nationwide would have been able to come to an agreement about Mr C's payments, and that Nationwide would likely have agreed to make amendments to his repayments. Mr C's email contained enough information for Nationwide to identify him as a vulnerable customer, and I would have expected Nationwide to have acted accordingly. In short, I think Nationwide could and should have done more in January 2020 to help Mr C.

Nationwide didn't do as much as it could and should have done to help Mr C in January 2020. Instead it recorded Mr C as having missed a payment – he paid just over £100 towards his loan in January 2020 (in line with his offer) compared to his normal monthly payment of just over £390 – and started sending Mr C letters to say he was in arrears. I can understand why Mr C was very annoyed by this, given that he'd reached out for help. He paid his February 2020 payment in full and continued to receive letters to say he was in arrears. Had it helped more, as it could and should have done, I don't think Mr C would have reacted the way he did in April 2020 which was when he next emailed Nationwide.

I can see that Nationwide sent Mr C a number of letters in January, February and March 2020 about his loan being in arrears. Mr C has also told us that in March 2020 both he and his wife lost their jobs due to Covid putting further pressure on finances. I accept this – it was obviously a difficult time for Mr C. Nationwide has told us that it continued to send Mr C letters about his loan being in arrears because he was in arrears before the lockdown started. Nationwide has also told us that because Mr C was in arrears before lockdown started, he wouldn't have been eligible for the payment holidays it started offering its customers who had been impacted by Covid. Finally, Nationwide has told us that it decided to stop sending customers letters about arrears because of everything that was going on.

Mr C emailed Nationwide on 24 April 2020 to say that he was fed up with the amount of contact he was receiving from Nationwide. He said he'd just received a notice of sum in arrears and four calls already that day. He said he'd tried to contact Nationwide three months ago and it was not interested so Nationwide shouldn't expect him to keep running after it now. I don't think this was entirely helpful, but I can completely understand why Mr C was so upset with Nationwide. He'd reached out for help, and hadn't received a positive response, and then he'd started receiving letters that Nationwide about arrears – letters that Nationwide subsequently decided to stop sending because of everything that was going on.

In his email, Mr C offered to make a token payment towards his loan of £1, presumably until he was working again. He let Nationwide know that he was due to start a new job as soon as the lockdown came to an end. So, this was another potential opportunity missed.

Nationwide replied to Mr C's email – sending an auto-generated message because of the large volume of messages it was receiving at the time. The message explained that the recipient could apply for a loan payment holiday, without affecting their credit score, allowing them to reduce their monthly payments to £1 a month for three months. The message gave a link to how a payment holiday would work, but as Nationwide would have viewed Mr C as having been in arrears before lockdown started he might not have been eligible. The message also gave a link to help find other contact details the recipient might find helpful, and explained that if it didn't answer the recipient's query then they could chat live with one of Nationwide's webchat team or reply and a digital service agent would respond. Mr C complained instead of taking up these offers – and for the reasons I've mentioned above I can see why and can see that this was another potential opportunity missed.

I can see that Mr C was unhappy with the amount of time it took Nationwide to reply to his complaint – and, in particular, that having given a date by which it would respond that it didn't do so. Nationwide didn't uphold his complaint and sold the outstanding debt to a third party. Our adjudicator recommended that Nationwide buy back the debt, agree a repayment plan with Mr C and pay him £100 in compensation.

Putting things right

In this case, I agree with our adjudicator's recommendations. Nationwide and Mr C will also have to agree what is fair to record on his credit file. I do think Nationwide and Mr C should have been able to agree steps to help Mr C through the difficulties he was having in January 2020 as a result of being off work. Nationwide and Mr C would then have had to consider the impact of Covid when in March 2020 Mr C's circumstances changed once again. They'll need to take that into account when deciding what is recorded on Mr C's credit file.

My final decision

My final decision is that I require Nationwide Building Society to buy back Mr C's debt from the third party it sold it to, agree a repayment plan and pay Mr C £100 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 22 April 2022.

Nicolas Atkinson
Ombudsman