

The complaint

Mr C complained that Nationwide Building Society hadn't offered him enough compensation for default markers against his name.

What happened

In 2014 Mr C was making frequent, often weekly, payments ranging from £180 to £370 to a vehicle hire firm. The last was on 23 June. On 1 July there was a debit of £1180. The statements issued by Nationwide show that this took Mr C's account, which already had a negative balance, further into a overdrawn balance.

Nationwide wrote several times to Mr C about the debit balance on his account, with the first letter in November 2013, but he didn't reply.

There was another debit from the same merchant on 17 September, this time for £2,442.85. Mr C's September statement shows an overdrawn balance of £3,710.19.

Further debits to the same merchant followed up to April 2015. Nationwide applied a default to Mr C's credit file in November 2014.

In November 2016 Mr C complained to Nationwide. He said he'd noticed Nationwide had applied a default on his credit report, and he wanted it removed. He said he wasn't responsible for the overdrawn balance, and he'd stopped using the account some years earlier because of the charges he was incurring.

Nationwide tried to contact Mr C on a number of occasions but couldn't get more information from him. It didn't uphold Mr C's complaint, because he'd had a genuine business relationship with the merchant.

Nationwide was able to retrieve some of the money through a chargeback from the merchant and it credited this to the account. But there was still a debit balance of £9,652.44 and in Oct 2018 the debt was sold to a debt firm.

In June 2020, a debt charity contacted Nationwide about Mr C's account. It raised a new point, saying that Nationwide had breached the Code of Lending Practice by letting the account go overdrawn to the extent it had.

In August 2020, Nationwide replied to say that it agreed Nationwide hadn't followed the Code of Lending Practice when allowing Mr C's account to go overdrawn to the extent it had. It said it was regrettable that it hadn't been identified sooner. It said it would recall the debt from the debt firm, and would arrange for the default linked to the debt to be removed from the credit file. It offered Mr C £450 compensation.

Mr C replied that the default hadn't been removed from his credit file. Nationwide offered a further £150, making £600 in total.

Mr C wasn't satisfied and complained to this service. He said he'd had years of trying to resolve this and for six years Nationwide had told him it wasn't in the wrong. He said this had made it impossible for him to get finance, contract phone or loans. He said he wanted compensation for the most severe case.

Our investigator thought Nationwide should pay Mr C £1,000 compensation. Nationwide agreed. But Mr C said this wasn't enough, as it had caused him five years of major disruption to his life, and unimaginable stress and complications over a prolonged period and had had extreme consequences to his life. He asked for an ombudsman's 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.

The starting point here is that Nationwide has agreed to pay Mr C £1,000. So the issue for me to consider is whether or not, in the circumstances of this case, it would be fair and reasonable for Nationwide to pay more compensation than this.

I find that £1,000 is more than fair in the circumstances of this case, based on what Mr C and Nationwide have told us. I've particularly borne in mind that Nationwide sent Mr C statements – but he didn't raise a dispute about the validity of the debits, which went back to mid-2014, until November 2016.

Mr C has said that he had years of trying to resolve this. But Nationwide did investigate in 2016, when Mr C raised the complaint. It had difficulty contacting Mr C after that, and there's no evidence that Mr C got in touch with Nationwide again until mid-2020. At that point Nationwide investigated again. So I don't agree with Mr C's argument.

I've also looked at the evidence which Mr C provided about his credit file. He's provided a screenshot of a credit score in September 2020 and a higher credit score figure in November 2021. The information supplied isn't a full credit reference, just numbers for someone's credit score. It doesn't show everything that was happening on that person's credit file. So it's not possible for me to conclude from the evidence that Nationwide was solely responsible for the figure on Mr C's credit score.

But it's clear that this whole situation will have had a significant impact on Mr C and so, taking everything into account, I consider that the £1,000 compensation which Nationwide has offered Mr C is more than fair in all the circumstances of the case.

My final decision

My final decision is that I find that the £1,000 compensation which Nationwide has offered Mr C is more than fair in all the circumstances of the case. I therefore order Nationwide Building Society to pay Mr C £1,000 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.

Belinda Knight
Ombudsman