

The complaint

Mr D complains that Nationwide Building Society unfairly declined a payment holiday application in relation to a personal loan.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

In February 2020 Nationwide approved a loan for Mr D. The first direct debit payment was returned after Mr D made a manual payment.

On 24 March 2020 Mr D asked Nationwide to approve a payment holiday for his loan but it was declined. Nationwide said Mr D had missed his first payment so didn't qualify. But Nationwide agreed a "nil payment" plan for one month.

A further plan was agreed by Nationwide in August 2020. Mr D went on to complain Nationwide had reported missed payments on his credit file. Nationwide didn't uphold Mr D's complaint and didn't offer to amend his credit file. But Nationwide paid Mr D £25 to apologise for some service issues when he complained.

Mr D referred his complaint to this service and it was passed to an adjudicator. They upheld Mr D's complaint as Nationwide made a mistake when it said his first payment was missed. The investigator increased the compensation by £75 and Nationwide agreed to backdate the payment holiday to Mr D's loan amend his credit file. Nationwide later agreed to pay Mr D a further £75, taking the increased award to £150.

Mr D asked to appeal and said he'd suffered a loss as the information on his credit file impacted a secured loan application and the interest rate he qualified for. As Mr D asked to appeal, his complaint has been passed to me to make a decision.

What I've provisionally 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.

I've been reasonably brief in setting out the details above as all parties broadly agree about the timeline for this complaint. I've looked at Mr D's loan history and can see he did make the first payment in line with the loan agreement. The direct debit was refunded, but that's because a manual payment was made instead. I'm satisfied Nationwide shouldn't have declined Mr D's payment holiday application on the basis he was in arrears. I agree he's been treated unfairly as a result.

Nationwide agreed to "rewrite" Mr D's loan and remove adverse information from his credit file. Whilst I'm pleased that's the case, things appear to have moved on and Mr D has told us he's now paid the loan off. As a result, Nationwide doesn't need to take action to review or amend the loan on its systems.

I'm satisfied Nationwide incorrectly and unfairly recorded adverse information on Mr D's credit file as a result of its mistake. So Nationwide will need to amend Mr D's credit file to remove all adverse information it's reported in relation to his loan.

Mr D has confirmed he doesn't feel the £150 compensation Nationwide offered is fair and says the issue impacted a secured loan and the interest rate he received. Whilst I accept the arrears information will've impacted how other businesses saw Mr D's credit, for me to award the costs he's told us about I'd have to be satisfied it was solely Nationwide's actions that had led to a loss. As Mr D told our investigator, that's a difficult position to verify.

I'd also need to take into account that Mr D contacted Nationwide in March 2020 and told it he was unable to make loan payments as his income was impacted by the pandemic, along with other payment holidays he may've taken. Whilst I understand Nationwide did make a serious mistake, I haven't been persuaded it was the only issue that may've impacted follow up loan applications.

As Mr D has repaid the loan, Nationwide will need to amend his credit file to remove all adverse information it recorded. I can see the investigator increased the level of compensation and Nationwide agreed to pay Mr D £150. But I think the settlement should be increased to £300 - a figure that more fairly reflects the impact of the issues raised on Mr D.

I invited both parties to respond with any additional information they wanted me to consider before I reached my final decision. Mr D confirmed receipt of the decision. Nationwide responded and asked some questions about the basis of the award I made but didn't send any new information for me to consider.

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.

As neither party provided new information for me to consider, I see no reason to change the conclusions I reached in my provisional decision. I still think Mr D's complaint should be upheld, for the same reasons.

My final decision

My decision is that I uphold Mr D's complaint and direct Nationwide Building Society to settle as follows:

- Update Mr D's credit file to remove all adverse information recorded about the loan
- Pay Mr D a further £300 for the distress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 7 April 2022.

Marco Manente
Ombudsman