

The complaint

Mr O complains about Nationwide Building Society ("Nationwide") for the way it handled his query about a payment holiday and for placing a block on his credit card without advising him. He believes that this caused his applications for other credit to be unsuccessful and resulted in him paying more interest and charges on his debt. He wants Nationwide to compensate him for these charges and for his distress and inconvenience.

What happened

Mr O held a Nationwide credit card.

Around March 2020, as the Covid-19 crisis hit the UK, Mr O contacted Nationwide to request a payment holiday.

Nationwide did not process that request and no payment holiday was put in place.

Mr O erroneously believed that he had been allowed a payment holiday and cancelled his direct debit for his credit card.

Mr O fell into arrears and incurred late / missed payment charges through April, May, June and July 2020.

Nationwide sent statements and arrears letters to Mr O. These included a notice of potential default.

Mr O received this correspondence but believed he was on a payment holiday so did not act on it.

Mr O spoke to someone at Nationwide in June 2020. He queried whether or not he was on a payment holiday and, when he was told that there was no record of a payment holiday being put in place, he agreed to log a complaint. This complaint related to the non-processing of his application for a payment holiday.

Around July 2020 a block was placed on Mr O's card to prevent any further spending.

Nationwide's debt department attempted to contact Mr O around this time, and he was not willing to speak with agents. He wanted to speak with a manager only.

In late July 2020, Mr O spoke with a Nationwide agent who advised him, wrongly, to ignore the arrears and default letters he was receiving until his complaint was resolved.

In mid-August 2020, Nationwide responded to Mr O's complaint. It did not consider that it had acted wrongly in relation to the payment holiday but offered Mr O £50 compensation to reflect that he had not received returned calls when promised.

Mr O contacted Nationwide in response to the complaint resolution letter. He told Nationwide that he had been advised in late July not to do anything in response to the arrears letters until his complaint was resolved.

Nationwide checked his calls and confirmed that on 31 July 2020 an agent had wrongly advised Mr O to wait until his complaint was resolved to pay his arrears.

Nationwide then offered Mr O a further £50 compensation to acknowledge that he was wrongly advised on 31 July 2020. Mr O discussed settling his account with the agent and the agent advised that he should make a payment as soon as possible, but in any event before 21 August 2020. It was agreed that clearing his credit card would draw matters to a close.

Mr O then cleared his balance in August 2020.

From Autumn 2020, Mr O wanted to apply for other credit so he could transfer a balance held elsewhere. He carried out soft searches and consistently found that he was not being approved.

He then decided to try a Nationwide product and learned that a block on his existing credit card was in place. He complained to Nationwide. The block was then removed. Mr O felt that the block had been wrongly placed and that his credit record had been damaged by the block being in place. He thought he had been denied access to other credit because of this block.

Nationwide responded to his complaint in late 2020 and early 2021. It did not uphold his complaints and considered that the block had been placed appropriately due to Mr O stopping making payments on his card.

Mr O was not happy with this and contacted us.

One of our investigators looked into this matter and set out their view to the parties. They considered that Nationwide had wrongly advised Mr O and that this had caused him not to pay off his credit card, and so to damage his credit file. The investigator considered that Nationwide ought to pay Mr O £250 compensation for his distress and inconvenience.

Nationwide did not agree to this recommendation and the case was passed for an ombudsman decision.

I issued a provisional decision in relation to this matter in March 2022. In that provisional decision I explained that I considered that Mr O was also partially at fault for what had happened and that, based on the evidence, it only appeared that he had been wrongly advised by Nationwide in July 2020 not to pay his credit card. It appeared that up until this time he had been repeatedly told that arrears were accruing, and that he ought to make payment. I considered that it was fair that Nationwide remove adverse credit information between the first time Mr O said he was told not to pay (20 July 2020) and the date when his complaint was resolved. I also considered that Nationwide should pay Mr O £200 compensation for his distress and inconvenience due to being given wrong advice, and not being told that a block was in place for his Nationwide card.

That provisional decision has been shared with the parties.

Both parties have responded.

Nationwide disputes that any call took place on 20 July 2020 and asks for details so that it can continue searching. Nationwide argues that the payment on Mr O's credit card became due shortly after 20 July 2020 so my provisional decision means it would have to remove additional adverse information, which would be inaccurate.

Mr O argues that he was under the impression from the date when the complaint was logged that the complaint took priority and all other obligations were suspended until the complaint was resolved. He thinks that I have not properly understood where his confusion arose, and he thinks that Nationwide has not joined up information fully to give a true reflection of the circumstances.

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.

I have considered the arguments of both parties and I have re-checked the evidence I relied upon in my provisional decision. I believe I have understood Mr O's points and I have responded to his understanding prior to this final decision.

In respect of Nationwide's request for additional information, I have not taken this request further with Mr O. Mr O provided his notes which appeared to be contemporaneous, detailing that he was told on 20 July 2020 not to pay until his complaint was resolved. He was then given this advice on 31 July 2020.

I appreciate the points Nationwide has made and that by extending the benefit of the doubt to Mr O I am requiring Nationwide to remove a missed payment in late July which it does not believe should be removed.

I understand this, but I accept Mr O's account at face value. I do not think it reasonable to expect consumers to keep notes of calls in such detail as would assist here, and so I do not think that requesting additional information and allowing Nationwide to look for the call again would affect my decision.

It is not disputed that Mr O was wrongly advised by a Nationwide agent not to pay during his call on 31 July 2020. He contends that he was also told this on 20 July 2020 and he has provided a note of his conversation attributed to that date. In the circumstances I accept this and give Mr O the benefit of the doubt.

Mr O has provided extensive comments in response to my provisional decision. These focus on him having understood that he ought to wait for his complaint to be resolved before making payment. He has not advised why he was under this impression from the date he cancelled his direct debit up until June, and he has not said he was told not to pay prior to the calls in July 2020 which I refer to above.

I understand that Mr O may have believed that he did not need to make payment, but as I set out in my provisional decision, on the evidence available I do not think that was a reasonable belief prior to the July calls.

Consequently, I think Mr O was wrong not to make payment between March 2020 and 20 July 2020, and so Nationwide is entitled to report his missed or late payments during that period as it indicated it would in regulatory letters.

I do, however, think Nationwide was wrong to advise Mr O not to pay in the July calls, and so any adverse information relating to the period 20 July 2020 and 13 August 2020 ought to be removed from Mr O's credit file.

I also think that Nationwide should have told Mr O that it had imposed a block on his card.

I therefore adopt my provisional decision and reasoning, as amended by this decision, as my

final decision.

Putting things right

As set out in my provisional decision, I think that Mr O was caused some distress and inconvenience by these issues and that Nationwide ought to pay him £200 compensation to reflect this. I also think that Nationwide ought to remove from Mr O's credit file any adverse information relating to Mr O's credit card between 20 July 2020 and 13 August 2020.

My final decision

For the reasons given above and in my provisional decision, I uphold Mr O's complaint and direct Nationwide Building Society to:

- Remove any adverse information from Mr O's credit file relating to the period 20/7/2020 – 13/08/2020; and
- Pay to Mr O £200 compensation for his distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 18 May 2022.

Laura Garvin-Smith
Ombudsman