

## **The complaint**

Mr B has complained that Nationwide Building Society (“Nationwide”) continued charging him excessive amounts for his overdraft when he was in financial difficulty.

## **What happened**

Mr B complained to Nationwide that he was suffering from financial hardship due to charges applied to his account. Nationwide says it assisted Mr B by suspending unauthorised overdraft charges after November 2019. And as Mr B was dis-satisfied he referred the complaint to our service.

Mr B’s complaint was considered by one of our adjudicators. They thought that Nationwide ought to have realised that Mr B was experiencing financial difficulty from April 2020 and so shouldn’t have added any more interest, fees and charges from this point onwards.

Nationwide didn’t respond, so the case was passed to an ombudsman for a final 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.

Nationwide will be familiar with all the rules, regulations and good industry practice we consider when looking at whether a bank treated a customer fairly and reasonably when applying overdraft charges. So I don’t consider it necessary to set all of this out in this decision.

Having carefully considered everything provided, I’m intending to find that Nationwide acted unfairly when it continued charging overdraft interest and associated fees on Mr B’s overdraft from April 2020. By this point, it ought to have been clear that Mr B was in no position to sustainably repay what he owed within a reasonable period of time.

By this point, Mr B had already notified Nationwide that he was struggling financially and he hadn’t seen or maintained a credit balance for an extended period of time. Nationwide’s own literature suggests that overdrafts are for unforeseen emergency borrowing not prolonged day-to-day expenditure. So I think that Mr B’s overdraft usage should have prompted Nationwide to have realised that Mr B wasn’t using his overdraft as intended and shouldn’t have continued offering it on the same terms. As Nationwide didn’t react to Mr B’s overdraft usage and instead continued charging, I think it failed to act fairly and reasonably.

Mr B ended up paying additional interest, fees and charges on his overdraft and this ended up exacerbating difficulties he already had in trying to clear it. So I think that Nationwide didn't treat Mr B fairly and he lost out because of what Nationwide did wrong. And this means that it should put things right.

### **Putting things right**

Having thought about everything, I think that it would be fair and reasonable in all the circumstances of Mr B's complaint for Nationwide to put things right by:

- Reworking Mr B's current overdraft balance so that all interest, fees and charges applied to it from April 2020 are removed.

AND

- If an outstanding balance remains on the overdraft once these adjustments have been made Nationwide should contact Mr B to arrange a suitable repayment plan, Mr B is encouraged to get in contact with and cooperate with Nationwide to reach a suitable agreement. If it considers it appropriate to record negative information on Mr B's credit file, Nationwide should reflect what would have been recorded had it started the process of taking corrective action on the overdraft from April 2020. Nationwide can also reduce overdraft limit by the amount of refund if it considers it appropriate to do so, as long as doing so wouldn't leave Mr B over their limit.

OR

- If the effect of removing all interest, fees and charges results in there no longer being an outstanding balance, then any extra should be treated as overpayments and returned to Mr B along with 8% simple interest† on the overpayments from the date they were made (if they were) until the date of settlement. If no outstanding balance remains after all adjustments have been made, then Nationwide should remove any adverse information from Mr B's credit file. Nationwide can also reduce Mr B's overdraft limit by the amount of refund if it considers it appropriate to do so.

† HM Revenue & Customs requires Nationwide to take off tax from this interest. Nationwide must give Mr B a certificate showing how much tax it has taken off if they ask for one.

### **My final decision**

For the reasons I've explained, I'm upholding Mr B's complaint. Nationwide Building Society should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 July 2022.

Caroline Davies  
**Ombudsman**