

The complaint

Mr M is unhappy about the level of compensation he received from Nationwide Building Society (“NW”) when its systems failed to update to show his account was within its overdraft limit.

What happened

Mr M held a graduate account with NW. The account came with an overdraft with a limit of £3,000. Mr M received a letter informing him that the overdraft limit would be reducing soon. Following receipt of the letter on 6 September 2021 Mr M paid the outstanding amount to bring his account within the new overdraft limit of £2,500. NW system failed to update the payment and balance as bringing his account within the limit and his account was moved to its collections department.

The following month Mr M started to receive letters from NW collections telling him that he had an outstanding balance, requesting payment, that his account would be defaulted and eventually a default notice. These letters continued until around mid-January 2022 following which NW’s systems were updated and the letters stopped.

Mr M complained to NW. NW confirmed that there was an error with its systems not updating and that this didn’t impact his credit file. NW apologised and compensated Mr M £75 for the inconvenience caused.

Mr M was dis-satisfied with this and brought his complaint to this service. One of our adjudicators looked into Mr M’s concerns and reached the conclusion that NW had caused some confusion with its correspondence but didn’t think it had caused major detriment and thought the £75 compensation was a fair way to settle the complaint. Mr M disagreed and asked for an ombudsman’s decision.

I issued my provisional decision on 29 June 2022. In it I explained why I was proposing to uphold Mr M’s complaint.

I invited both parties to let me have any further submissions before I reached a final decision. NW has agreed with my provisional decision, while Mr M would like further compensation.

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.

In my provisional decision I said that:

“My role is to look at the problems Mr M has experienced and see if NW has done anything wrong. If it has, I would seek – if possible - to put Mr M back in the position he would’ve been in if the mistakes hadn’t happened. And I may award modest compensation that I think is fair and reasonable.

NW has already recognised it had a technical error and has corrected this and awarded Mr M £75 compensation in recognition of the inconvenience caused. But having looked at the letters and listened to the call recordings provided over the three month period, I don't think this is enough.

If Mr E had only had to call once to have NW's error rectified, I'd probably say £75 was enough to compensate him. But after that first phone call Mr M was told he wouldn't receive further letters – he did. And after he was told his account wouldn't be defaulted, he received a default notice. This I think undoubtedly left Mr M feeling concerned and worried about the state of his account and when or if it would get sorted without more of his personal time.

So overall and having considered everything although NW has already paid Mr M £75 compensation I don't think this is enough and I am currently minded to direct NW to pay a further £75 to Mr M for the distress and inconvenience caused by not being able to correct its error within a reasonable amount of time.”

I understand that Mr M would like more compensation, but he hasn't provided any further evidence or arguments that convinces me the compensation I've awarded already isn't fair and reasonable in all the circumstances. And as such I see no reason to depart from the conclusions set out in my provisional decision.

It follows that I uphold Mr M's complaint and direct NW pay Mr M a further £75.

My final decision

For the reasons I've explained I uphold Mr M's complaint and direct Nationwide Building Society to pay Mr M the fair compensation outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 July 2022.

Caroline Davies
Ombudsman