

The complaint

Mr G complains that Nationwide Building Society restricted new spending on his credit card.

What happened

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

Mr G has a credit card with Nationwide. In March 2020 Mr G's credit card payment was returned unpaid. On 6 April 2020 Mr G spoke with Nationwide and explained he was experiencing financial difficulties as the pandemic had impacted his income. Nationwide agreed to place the credit card on hold and cease collections activity. Mr G's full payments weren't made in March and April 2020.

On 9 May 2020, once the account hold ended, Nationwide reviewed Mr G's credit card and took the decision to place a restriction on new spending. Confirmation of Nationwide's decision was included in Mr G's next credit card statement.

Mr G's payments restarted in May 2020 and continued. Looking at the account history, some payments were reversed but later made up by Mr G.

Last year, Mr G complained about Nationwide's decision to permanently restrict new spending on his credit card and that he continued to pay interest. Nationwide didn't agree it had acted unfairly and said it had tried to assist Mr G when he called for help in April 2020. Nationwide also said it had sent Mr G an income and expenditure form to complete in April 2020 to help get a better picture of his circumstances but it wasn't returned. Nationwide took the decision to restrict new spending shortly after its collections hold ended. Nationwide also said it had correctly applied interest, fees and charges to Mr G's credit card and didn't offer a refund.

Mr G referred his complaint to this service and it was passed to an investigator. They upheld Mr G's complaint and said Nationwide should've done more to help him when new industry guidance was introduced shortly after his call in April 2020. The investigator recommended Nationwide pay Mr G £250 for the distress and inconvenience caused.

Nationwide asked to appeal and said the Financial Conduct Authority (FCA) guidance had been introduced in the days after Mr G's call on 6 April 2020 and there was no requirement to contact customers where accounts were already on hold. Nationwide also said Mr G hadn't got back in touch with it after the 30 day hold period had ended to ask for further assistance or returned a completed income and expenditure assessment. Nationwide explained the spending restriction was put in place on 9 May 2020, after the 30 day collections hold had ended. As Nationwide didn't accept the investigator's view Mr G's 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'm very sorry to disappoint Mr G as I can see he experienced a very difficult time, but I've reached a different view concerning his case. I haven't been persuaded that Nationwide acted unfairly when it discussed payment options in April 2020 or restricted new spending in May 2020. I'll explain why.

The FCA's Payment Deferral Guidance was published on 9 April 2020, three days after Mr G's call with Nationwide. The Payment Deferral Guidance allowed businesses to give payment holidays for around three months if a borrower's income had been affected by the pandemic. But when Mr G called on 6 April 2020 the guidance hadn't been published. So whilst I understand Mr G may've qualified for assistance under the guidance if he'd called on or after 9 April 2020, it hadn't come into effect on 6 April 2020.

On 6 April 2020 Nationwide considered options for Mr G based on its existing policy for customers experiencing financial difficulties. At this point, Mr G's March 2020 payment hadn't been made in full and he wasn't able to make the April 2020 payment. Nationwide agreed to put a collections hold in place for 30 days. That meant no one from Nationwide would contact Mr G to request payment of the outstanding arrears. In my view, Nationwide took a positive and sympathetic approach with Mr G and gave some breathing space.

I note Nationwide sent Mr G an income and expenditure assessment to get a better picture of his finances but it wasn't completed or returned. Mr G's payments began again in May 2020 and there's no evidence to show he contacted Nationwide to ask for further assistance. Had Mr G contacted Nationwide again, I'd have expected it to consider whether to provide support under the FCA's Payment Deferral Guidance and offer a payment holiday. But as there was no follow up from Mr G, I haven't been persuaded Nationwide acted unfairly.

Nationwide says it took the decision to restrict new spending on Mr G's account due to the arrears from March and April 2020. I've seen Nationwide's credit card statement and it confirms that step was taken on 9 May 2020. Given the arrears and lack of follow up contact to discuss how to repay them, I'm not persuaded it was unfair of Nationwide to restrict new spending. I also think it's fair to note that's a step the credit card's terms and conditions allow Nationwide to take.

I understand my provisional decision is likely to come as a disappointment for Mr G, but as I haven't found that Nationwide treated him unfairly or made mistakes I'm unable to uphold his complaint. Based on the information I've seen so far I'm satisfied Nation with Mr G's complaint fairly. So I don't intend to tell it to take any further action.

I invited both parties to respond with any additional comments or information they wanted me to consider before I reached my final decision. Neither party provided further comment.

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 no new information has been provided I see no reason to change the conclusions I reached in my provisional decision. I remain of the view that Nationwide dealt with Mr G's complaint fairly for the same reasons.

My final decision

My decision is that I don't uphold Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 16 August 2022.

Marco Manente
Ombudsman