

The complaint

Mr F complains that an overdraft attached to his Nationwide Building Society current account was one where the charges and interest were too high. He considers them to have been unfair and wants them refunded.

Later Mr F made it clear that he also complains about several decades. And that he has suffered from an institutional conspiracy for decades.

What happened

Nationwide had received Mr F's complaint and issued a final response letter (FRL) dated 25 May 2021 in which it said that the overdraft fees and charges had been debited properly and in accordance with the terms and conditions. It was an Arranged Overdraft agreement and accepted that it dated back many years.

Mr F referred his complaint to the Financial Ombudsman Service in July 2021.

Mr F has raised a complaint about his Nationwide credit card which was separated from this one and was created into a separate complaint referral and has been dealt with separately to this complaint about his overdraft.

Copies of Mr F's bank account statements since 7 April 2016 have been sent to us by Nationwide.

In January 2022 one of our adjudicators gave his view after reviewing the evidence and he came to the opinion that Nationwide acted unfairly when it continued charging overdraft fees from 1 May 2016 to date. His view was:

Mr F hadn't seen [sic] or maintained a credit balance for an extended period of time. Nationwide's own literature suggests that overdrafts are supposed to be for unforeseen emergency borrowing not prolonged day-to-day expenditure. So I think that Nationwide should have realised that Mr F wasn't using his overdraft as intended and shouldn't have continued offering it on the same terms.'

Our adjudicator's proposed resolution was that Nationwide should rework Mr F's account to remove all the interest and charges added to Mr F's account from 1 May 2016.

Both parties took time to reply.

In March 2022 Mr F said that he knew Nationwide was entitled to charge reasonable fees on overdraft in line with other banks. But Mr F's view was that it should only charge fees where the credit limit on the overdraft (for him £3,000) was exceeded. Mr F said that for 20 years Nationwide had been charging him '*ridiculous amounts*' every month whether he was within his limit or not.

In June 2022 Nationwide wrote to make an offer to settle the complaint which was effectively that it agreed with what our adjudicator had said. The effective start date for the reworking of

the account was 1 May 2016. Mr F was informed of this.

Mr F's response was to say that he wants his '*bitter experience*' with Nationwide for the past 25 years (and beyond) looked at. And the current offer should be made clear by giving him actual calculations.

And later Mr F said that he had suffered 'institutional conspiracy' for 38 years and he wanted our adjudicator to address this and consider compensation for that. Mr F raised the human rights aspect of the complaint.

In August 2022, Nationwide calculated that the refund of charges would be £3,328.26 but any 8% additional sum could only be finalised once the settlement date is known. Our adjudicator wrote again to Mr F with a copy of his original view from January 2022 plus an indication that Nationwide's response was to agree with his view and an indication of the redress figures.

Mr F had some queries surrounding the 8% on 'credit' which he did not understand. He wanted to know why it had been limited to May 2016 and not before.

Our adjudicator explained that we would not be looking at anything further back than six years. And The 8% interest is only given if after Nationwide has applied the refund to the current account it clears the overdraft and there remains a credit balance on the account. The 8% interest will not be given if the account is still overdrawn once the offer has been applied, as an overdrawn balance is money that is borrowed from Nationwide and money owed to them.

Mr F was not content and responded to say raise a series of issues he had surrounding three decades of bitter experience with Nationwide and '*institutional conspiracy*' which included his view that Nationwide had inflicted '*... maximum financial losses on me, my family, and my business for reasons best known to them.*'

In September 2022 our adjudicator addressed the points surrounding Mr F's continued upset with Nationwide. He did not think that any further compensation was due to Mr F.

Our adjudicator also issued a separate view relating to the jurisdiction elements – meaning – why it was that the Financial Ombudsman Service could not look at his complaint about charges before 1 May 2016, being six years before he had complained.

Mr F was given until 28 September 2022 to respond on the jurisdiction view and has not responded.

Mr F has sent no details surrounding the other issues.

Mr F has not accepted Nationwide's agreement to refund him in line with our adjudicator's recommended resolution. So, the unresolved complaint was passed to me to decide.

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.

The overdraft element of Mr F's complaint

Mr F did not respond to the jurisdiction letter of opinion and from that it seems he accepted it.

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 think that Nationwide acted unfairly when it continued charging overdraft interest and associated fees after 1 May 2016. At this point, it ought to have been clear that Mr F was in no position to sustainably repay what he owed within a reasonable period.

This is because, by this time, Mr F was hardcore borrowing. In other words he hadn't seen or maintained a credit balance for an extended period. I've seen Mr F's bank statements since May 2016 and he was very rarely in credit since this time. He usually had a significant overdraft balance.

Nationwide's own literature suggests that overdrafts are for short term or emergency use. So, an overdraft shouldn't have been used for prolonged day-to-day expenditure.

So, I think that Mr F's overdraft usage should have prompted Nationwide to have realised that Mr F 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 F's overdraft usage and instead continued charging in the same way, I think it failed to act fairly and reasonably.

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

Nationwide has agreed to put things right for Mr F and Mr F has had an indication of the calculated refund before this decision was issued. Those will need to be updated due to the passage of time since those were originally done.

The other elements of Mr F's complaint

I am sorry to read that Mr F feels he had a bitter experience for 38 years. I know that he has referred to other institutions but I am dealing with Nationwide so I am not making any observations or findings about any other institutions.

I note that Mr F has referred to his business and his family – suggesting that they have suffered loss as well. I cannot address those parts relating to others in a complaint raised by Mr F as a customer of Nationwide. I can only consider that part that may affect Mr F.

Mr F has raised these points several times but has never provided any evidence or explanations as to why he feels he is entitled to more compensation. Mr F has had time to do this.

Our adjudicator did not think that anything further in the way of redress or compensation was due to Mr F and reading what I have read from Mr F, I agree.

Putting things right

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

- Reworking Mr F's current overdraft balance so that all interest, fees and charges applied to it from 1 May 2016 are removed.
- and
- If an outstanding balance remains on the overdraft once these adjustments have been made Nationwide should contact Mr F to arrange a suitable repayment plan, and Mr F is encouraged to get in contact with and cooperate with it to reach a suitable agreement. If it considers it appropriate to record negative information on Mr F's credit file, Nationwide should reflect what would have been recorded had it started the process of taking corrective action on the overdraft in May 2016. Nationwide can reduce Mr F's overdraft limit by the amount of refund if it considers it appropriate to do so, if doing so wouldn't leave Mr F 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 F 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 F's credit file. Nationwide can reduce Mr F'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. It must give Mr F a certificate showing how much tax it has taken off if he asks for one.

My final decision

My final decision is that I uphold Mr F's complaint in part and I direct that Nationwide Building Society does as I have outlined above as it has already agreed to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 1 November 2022.

Rachael Williams
Ombudsman