

The complaint

Mr A complains that Nationwide Building Society (Nationwide) defaulted his account.

What happened

Mr A had a credit card from Nationwide. The limit was £6,000. He drew the balance down with a series of balance transfers in June 2020. His income was affected by the pandemic and Nationwide agreed to a payment holiday under the pandemic support scheme until 30 September 2020. After that, Mr A missed several monthly payments. On 3 March 2021, Nationwide sent a Notice of Default asking for payment of £762.86. Mr A paid in £765 which was credited to the account on 29 March 2021. Nationwide registered a default.

Mr A complained that a default was wrongly registered as he paid in the amount needed to avoid it. He said after Nationwide agreed to remove the default, it took too long to do that – up to 6-8 weeks. Mr A said that in view of the nature of his job, the default meant that he could be dismissed. He said the compensation should be a minimum of £500.

Nationwide apologised and said the registration of the default was an error. They agreed to remove it and gave a letter to Mr A saying it was their fault – for Mr A to use. Nationwide said the removal of the default from Mr A's credit file would take 6-8 weeks – unfortunately that was the time the process takes. They offered compensation of £150 and didn't agree to pay £500.

Mr A didn't agree and brought his complaint to us. Our investigator said that Nationwide had dealt with Mr A's complaint reasonably. He thought the compensation offered was a fair and reasonable sum.

Mr A asked that an ombudsman look at his complaint.

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've looked at Nationwide's records and see that a Notice of Default was issued on 3 March 2021 and required a payment of £762.86. Mr A paid in £765 on 29 March 2021. I haven't seen the actual Notice of Default – as it's not in dispute that Mr A paid in the amount needed by the deadline – which is normally within 30 days.

Nationwide admitted they made an error in registering a default even though Mr A paid in the amount needed and by the deadline. So - Mr A's complaint comes down to whether Nationwide did enough to deal with his complaint.

I can see the evidence that Nationwide removed the default from Mr A's credit file. Mr A says that the time taken to update his credit file – 6-8 weeks - was too long, and he was at risk of losing his job. I've thought about this, but I'm afraid that's how long the process takes – as files must be uploaded to the credit reference agencies, typically at the end of each month. I

do know that the process is common to every firm and the timescales are typical for the industry – so I can't hold Nationwide responsible for any delay here.

Nationwide also gave Mr A a letter addressed 'to whom it may concern' (dated 13 July 2021) admitting their error – for him to show to his employer or any other lender. I've seen the letter – and this was the right thing for Nationwide to do.

Coming on to the impact on Mr A. He says his job was under threat because of what happened. I accept that may have been the case, but he hasn't told us that anything untoward did happen – he didn't lose his job.

I've then considered the amount of compensation. Our service has set out some criteria for deciding on awards. This says an award of up to £300 might be suitable where there has been a large single mistake, requiring a reasonable effort to sort out – and resulting in a mild impact across a few days, or weeks. I can see that Mr A called Nationwide in early July 2021 about what had happened. I can't see he had to make several and repeated calls - which might have led to a higher award – and Nationwide then quickly agreed to put things right. So, I do think that the offer of £150 by Nationwide is the right amount to be paid to settle this complaint. Mr A should contact Nationwide directly if he now wishes to accept this.

My final decision

I do not uphold this complaint. I don't think Nationwide needs to do anything to settle the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 25 November 2022.

Martin Lord
Ombudsman