

The complaint

Mr L is unhappy that Nationwide Building Society initially approved his application for an account but then soon afterwards reversed their position and declined it.

What happened

Mr L applied to Nationwide for a new account. He received notice from Nationwide that his application had been successful. However, shortly afterwards, Nationwide reversed their position and told Mr L that his account application had been declined. Mr L wasn't happy about this, so he raised a complaint.

Nationwide looked at Mr L's complaint. They confirmed that Mr L's application had been rejected, and they didn't feel they'd acted unfairly by doing so. However, Nationwide did acknowledge that Mr L hadn't received the standard of service he should have when he contacted Nationwide about this matter, and they apologised to Mr L for this and made a payment of £50 to him as compensation for the trouble and upset he'd incurred. Mr L wasn't satisfied with Nationwide's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. They didn't feel Nationwide had acted unfairly by declining Mr L's application, and they felt the £50 compensation Nationwide had paid to Mr L for the service aspect of his complaint was fair. But our investigator noted that the account was showing on Mr L's credit file, and felt that Nationwide should remove the account from Mr L's credit file, given that the application hadn't been approved. Mr L remained dissatisfied, so the matter was escalated 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.

I can appreciate how it must have been frustrating for Mr L to have initially been told by Nationwide that they had approved his application for a new account, only to be later told that his application had in fact been denied.

However, it's for Nationwide to decide whether it will offer, or continue to offer, its services to any person. And I'm satisfied from the information Nationwide have provided to this service about why they ultimately made the decision to not approve Mr L's application that their decision was both based on fair reasoning and one which Nationwide were entitled to make.

Mr L feels that Nationwide should pay him compensation for misleading him about the status of his application. I don't agree, and I'm satisfied based on the information that Nationwide discovered when completing further checks on Mr L that it would be fair for Nationwide to have declined Mr L's application at any stage of the application process based on that information, and that it would also have been fair for Nationwide to have issued Mr L a notice of closure on his account, had it been the case that the account had actually been opened.

I'm aware that Mr L would like Nationwide to provide a summary or details of the information

they assessed that led them to make the decision to not approve his account. However, Nationwide are under no obligation to provide this information to Mr L as he would like, and one reason for this is because if details of what it was specifically that gave Nationwide concern were made public, it would increase the risk that future applicants might attempt to circumnavigate Nationwide's security protocols and obtain accounts they wouldn't otherwise have been approved for, potentially by hiding similarly concerning matters from Nationwide during the application process.

Ultimately, I'm satisfied that the outcome that occurred here – that Mr L's application for a new account was declined – was a fair outcome. And so, I don't feel that Nationwide should fairly or reasonably be instructed to compensate Mr L for that.

However, it's notable that while Mr L's application wasn't approved by Nationwide, the account was still reported to Mr L's credit file by Nationwide. This shouldn't have been the case, and so I will be upholding this complaint in Mr L's favour on this limited basis and instructing Nationwide to remove this account from Mr L's credit file as should be the case, given that the account application was unsuccessful, if they haven't already done so.

Finally, I feel that the £50 compensation Nationwide have already paid Mr L for the service issues of his complaint, including the long hold and call times he experienced, already represents a fair and reasonable resolution to that aspect of this complaint, and so I won't be instructing Nationwide to take any further action in that regard.

I realise this might not be the full outcome that Mr L was wanting, but I trust he'll understand, given what I've explained, why I've made the final decision that I have.

Putting things right

Nationwide must remove the account in question from Mr L's credit file if they haven't already done so.

My final decision

My final decision is that I uphold this complaint against Nationwide Building Society on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 18 January 2023.

Paul Cooper
Ombudsman