

The complaint

Mr M complains about overdraft interest applied to his account by Nationwide Building Society. Mr M also complains about the service provided when he called Nationwide. Mr M further complains that Nationwide approved a payment that took his account balance over the agreed overdraft limit.

What happened

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

Mr M has a current account and associated overdraft with Nationwide. In November 2021 Nationwide issued a statement that advised it would charge Mr M £84.50 for arranged overdraft interest incurred over the previous two months at the end of December 2021. Nationwide deducted the overdraft charges on 28 December 2021.

On 10 January 2022 Nationwide declined a direct debit payment as it took the account balance into an unarranged overdraft. On 18 January 2022 the direct debit was claimed again but this time approved. The payment took Mr M's account balance into an unarranged overdraft.

In January 2022 Mr M called Nationwide and asked for information about how the overdraft interest he'd paid was calculated. Mr M pointed out the amount charged was much higher than previous months. During the call, the agent gave details about how Nationwide calculates arranged overdraft interest. And the agent read from Mr M's statement that gave advanced notice of the amount Nationwide intended to charge. The call handler didn't give a breakdown or explain exactly why the charge Mr M had paid at the end of December 2021 was higher than expected.

Mr M complained and Nationwide sent him a final response. Nationwide said the arranged overdraft interest charged on 28 December 2021 was correct. And Nationwide said the direct debit attempt it had made on 10 January 2022 hadn't led to a loss for Mr M. Nationwide agreed its agent could've given a better level of service when speaking with Mr M and paid him £25 to apologise.

An investigator at this service looked at Mr M's complaint and said they thought Nationwide had dealt with it fairly. Mr M asked to appeal and said the issues raised had impacted his mental health and caused an unreasonable level of upset. Mr M also said Nationwide had failed to provide a clear breakdown of the interest charged or given a reasonable level of service. As Mr M asked to appeal, his 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've reached a different view to the investigator concerning how Nationwide dealt with Mr M's

complaint. I haven't been persuaded that Nationwide dealt with Mr M fairly. I'll explain why.

I want to start by saying, the statement evidence I've seen doesn't show Mr M was overcharged. I know the payment taken on 28 December 2021 was much higher than expected and previously taken by Nationwide. But Nationwide's now given a technical explanation. And Nationwide's told us that because of the way statement dates fell, Mr M wasn't charged arranged overdraft interest in November 2021. Instead, the charge was applied in the following month's payment cycle and debited on 28 December 2021, along with November 2021's arranged overdraft interest.

Mr M's asked for a more comprehensive breakdown of the interest Nationwide has applied. I can see Nationwide sent Mr M an annual interest statement at the end of 2021 that set out how much he'd paid in interest over the previous year. I appreciate that may not give Mr M the level of detail he wants. But I'm satisfied it shows the amount of interest Nationwide charged and the basis on which that interest was applied to the account balances. I haven't found evidence that shows Mr M was overcharged.

Whilst I don't think there's a loss here, I can understand why Mr M was unclear about the payment Nationwide took. I accept Nationwide noted the level of payment it intended to take in its November 2021 statement. But Mr M quite rightly picked up that the charge was around double what he normally paid. And Mr M quite reasonably asked questions to try and understand how that came about.

I've listened to the call and agree with Nationwide's view that its agent could've handled Mr M's questions better. Whilst I didn't think the agent was intentionally rude, he also didn't appear to listen to Mr M's questions and talked over him. I agree Mr M also interrupted the agent, but I think that reflects a lack of answers to his questions. On several occasions the agent asked if Mr M needed help understanding how interest was applied, which is what he was asking for. But they never actually explained why the charge taken at the end of December 2021 was substantially higher than normal.

In my view, it ought to have been reasonably straight forward for an explanation to be given to Mr M. Instead, Mr M wasn't given that information and ultimately the tone of the call became strained. I'm not persuaded that the £25 compensation paid to date fairly reflects the service provided or level of upset caused to Mr M. So I intend to increase the award to £100, a figure that more fairly reflects the distress and inconvenience caused to Mr M.

Mr M has also raised concerns that a direct debit was first declined on 10 January 2021 for insufficient funds then approved a short time later. Looking at Mr M's statements, I can see the payment was initially declined. At that point, his account balance was £1,999.96 overdrawn and the direct debit payment was for £10.81. But when Nationwide processed it again a few days later, Mr M's account balance had reduced slightly. After the direct debit was successfully taken the overdraft balance was £2,003.67.

Some businesses use a small buffer at the end of an arranged overdraft and I suspect the difference in account balance between the two attempts was the reason the second direct debit was approved. I haven't seen anything that shows Nationwide's action led to a loss or resulted in Mr M being treated unfairly. I also think it's fair to note that Nationwide processed the payment in line with its instructions and account terms and conditions.

For the reasons I've given above, I intend to uphold Mr M's complaint and direct Nationwide to increase the settlement offered to £100.

I invited both parties to respond with any new information they wanted me to consider before I made my final decision. Mr M confirmed he was willing to accept and asked for the settlement funds to be paid by cheque. Nationwide confirmed it has nothing further to add.

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 neither party has provided new information for me to consider, I see no reason to change the conclusions I reached in my provisional decision. I still think Mr M's complaint should be upheld, for the same reasons.

My final decision

My decision is that I uphold Mr M's complaint and direct Nationwide Building Society to pay him £100 (less any compensation already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 January 2023.

Marco Manente
Ombudsman