

The complaint

Mr Y has a series of complaints linked to Nationwide Building Society's decision to close his accounts.

What happened

Nationwide wrote to Mr Y in August 2020, telling him they'd decided to close his current, savings and credit card accounts. They said he had until October to withdraw his money, repay his overdraft and repay his credit card.

Mr Y was surprised by this. He didn't feel he'd done anything to justify this sort of action. He complained. Nationwide responded in November. They didn't really explain why they'd closed Mr Y's accounts. But they noted the terms said they could if they gave him notice.

Mr Y argued against this, feeling that the agreement for his credit card didn't allow Nationwide to end it unless he'd done something to breach its terms. This appears to have led to an agreement Mr Y would repay the credit through the card's usual minimum payments. But he couldn't make new purchases, and the account would close when paid off.

Some complaints then followed about issues with payments and direct debits. Some were upheld by Nationwide, and some weren't. In May 2022, Nationwide wrote to Mr Y and told him that – because of the complaints – they were going to end the credit card agreement. They felt the relationship between them and Mr Y had irretrievably broken down.

Mr Y was very upset by this, and complained. In response, Nationwide noted they'd not taken the existing agreement about repaying the credit card into account when they wrote to him in May 2022. They said they'd stick with the old agreement for Mr Y to continue making at least the minimum payment towards the card. They also offered Mr Y £68.75 compensation for the upset caused and some phone call costs.

Unsatisfied with this, Mr Y brought his complaint to us. Our investigator upheld the complaint, noting that Nationwide had agreed there'd been a service failing in May 2022. He felt more needed to be done to acknowledge the emotional impact this had on Mr Y. So he said the compensation should be increased by £100.

This was accepted by Mr Y and Nationwide, and a payment was arranged. Unfortunately, Mr Y made a mistake in the account number the payment was to go to. Nationwide made the payment, but it wasn't received by Mr Y. Nationwide have tried to recover the payment. But Mr Y felt this wasn't reasonable, and asked that an ombudsman review the case.

The complaint has therefore come to me for a formal 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.

Having done so, I agree Nationwide haven't acted reasonably, and should do more to

acknowledge the impact that's had on Mr Y.

I can see Mr Y complained in 2020 about his accounts being closed without a suitable reason. I note Nationwide responded at the time, and in January 2021 explained to Mr Y that he had six months to bring his complaint to us. Mr Y came to us in July 2022. As he didn't bring that original complaint to us within the six-month time limit, I'm not going to consider the actions in 2020 in my decision here.

But the complaint about what happened in May 2022 did come to us in time. On that matter, I find it unreasonable Nationwide tried to close Mr Y's credit card account at that point.

I appreciate Nationwide's view about their relationship with Mr Y following his complaints. But the credit card terms – specifically those in section 10(b) – don't list that as one of the reasons they might then use for closing his account and demanding early repayment.

Had Nationwide acted in line with the terms of the credit agreement, they wouldn't have tried to close the credit card account for the reason they used in May 2022. That would have meant Mr Y wouldn't have had to contact them – and ultimately complain – before the agreement could continue to run fairly. That added upset and inconvenience should be recognised, even if it can't now be undone.

Putting things right

I've read Mr Y's correspondence with Nationwide and us. He's clearly upset by the way Nationwide have treated him. I can understand why he feels that way. Their treatment of him hasn't been fair, and their responses to date don't seem to fully appreciate that.

I agree with our investigator that the way to recognise this is to have Nationwide pay a higher amount of compensation to Mr Y. Putting a financial amount on an emotional impact isn't an exact science. But I've factored in that Mr Y didn't actually have to pay his credit card back at short notice. Nor did the suggestion that he should continue for a long period.

I've decided the extra £100 our investigator suggested is right, given the factors above. So – for this complaint – the compensation paid to Mr Y should total £168.75.

But it'd be unfair not to acknowledge that Nationwide have already made this payment to the account number Mr Y gave them. I find it reasonable that Nationwide are trying to recover this payment before making a new one to Mr Y's correct bank account details. Until Nationwide recover that money, I find it fair they don't have to pay it a second time, to Mr Y.

My final decision

I've decided to uphold Mr Y's complaint about Nationwide Building Society. I direct Nationwide to pay Mr Y whatever they recover from the £168.75 payment already made to the account number Mr Y previously gave them.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 9 January 2023.

Paul Mellor
Ombudsman