

The complaint

Mr K complains Nationwide Building Society is asking to him a repay a debt he considers he doesn't have to.

What happened

Mr K had a debt relief order ("DRO") approved on 20 September 2021. Included within the creditors listed on the DRO was Nationwide, for £300. This was Mr K's overdraft limit with Nationwide.

When Nationwide was notified of the DRO Mr K's account was in credit. Nationwide wrote to Mr K on 22 September 2022 to say as his account was in credit, he could continue to use it. But it would be downgrading it and withdrawing the overdraft in seven working days.

Mr K continued to use the account and on 28 September 2022 spent/withdrew money, taking the account £300.01 overdrawn. Since then, Nationwide has been asking Mr K to repay the overdraft and it has recorded adverse information on his credit file. Mr R consider this unfair.

Nationwide didn't uphold Mr K's complaint. It said, in summary, the overdraft didn't form part of the DRO because the account was in credit at the time it was approved. Mr K didn't think this was a fair outcome, so he asked our service for an independent review.

The Investigator didn't recommend the complaint be upheld. She accepted Nationwide's reasoning for why the debt wouldn't form part of the DRO - given it had been accrued after the DRO - and she spoke to The Insolvency Service which confirmed the same.

Mr K didn't accept the Investigator's recommendation. He made specific points about DROs, such as that the debt is based on the date of application rather than the date of approval, and that Nationwide didn't object to it. The complaint has been 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.

I agree with the outcome the Investigator recommended, and her reasons for it. While I accept Mr K has specific points, The Insolvency Service is the authority in this area, and I'm satisfied its position supports Nationwide's. It follows I don't uphold this complaint.

Mr K has more recently said it's unfair for Nationwide to ask him to repay the debt because he is a vulnerable adult. This didn't form part of Mr K's complaint to Nationwide, so I won't comment on it here. Mr K will need to raise it directly with Nationwide in the first instance.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 2 June 2023.

James Langford
Ombudsman