

The complaint

Miss O complains that Nationwide Building Society failed to tell her that she still had an overdraft with it after she switched her account to another bank.

What happened

Miss O had a current account with Nationwide. She had an arranged overdraft of about £200. In October 2022 Miss O switched her account to another bank (I'll call this "the new bank" and "the new account"). She then deleted her Nationwide online banking app. She says she didn't realise that her debt with Nationwide had not been carried over to the new account, until she phoned Nationwide about another matter in late November. By then, it was no longer an arranged overdraft, her overdraft limit having been removed on 24 November.

Miss O complained to both banks and then to our service. Her complaint about the new bank has been dealt with separately. She said that Nationwide should have told her about the outstanding overdraft balance. She complained that interest had been charged on it, and that it had been reported as arrears on her credit file since November 2022.

Nationwide said it had done nothing wrong. It said the new bank had asked it to transfer a nil balance. It said Miss O had continued to have an arranged overdraft until 24 November, and then it had written to tell her that she no longer had an arranged overdraft.

Our investigator did not uphold this complaint. She said that the terms of the current account switch service, which had been shown to Miss O, had made it clear that the switch does not carry an overdraft balance over from the original account to the new one. She said Nationwide had told Miss O about the overdraft balance by sending statements to her banking app, and it wouldn't be fair to hold the bank responsible for Miss O not getting them just because she had deleted the app. She also said that Miss O should have reasonably known she had an overdraft without being told.

Miss O did not accept that decision. She pointed out that the terms of the switch service say that if there is a problem then the bank will notify her. She said that just sending her statements was not sufficient, because this requires her to pro-actively log in to the app and check them (and in any case she had not received them). She asked for an ombudsman's 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 do not uphold it, for broadly the same reasons as my colleague.

Looking at the terms of the document titled "*Current Account Switch Service - Account Closure Instruction*," I can see three references to debts on the original bank account, which is referred to in there as the "Old Account." (The *Instruction* is written in the first person from

the perspective of the customer.)

Paragraph 3 says:

“Unless I have outstanding debt on my Old Account, closure of my Old Account will be effective from my Switch Date. I understand that, whether or not I have an outstanding debt on my Old Account, my Old Account will not be available for use from my Switch Date...”

Paragraph 11 says:

“If I have outstanding debt on my Old Account (including any fees or charges) after my Switch Date, my Old Bank will tell me. In such circumstances:

- my Old Bank will block my Old Account and I will not be able to carry out any further transactions on it, with the exception of repaying the outstanding debt; and
- the terms and conditions of my Old Account will continue to apply until I have repaid the outstanding debt in full, at which time my Old Account will be closed.”

Paragraph 12 says:

“If there is an outstanding debt on my Old Account after my Switch Date, my Old Bank will be entitled to use any funds or payments it receives (including by cheque) in full, or part, settlement of the debt on my Old Account.”

I have also read the “*Current Account Switch Agreement*.” Paragraph 1.12 says:

“If you have outstanding debt on your Old Account (including any fees or charges) after the Switch Date, your Old Bank will tell you. You are liable for any outstanding debt on your Old Account remaining after the Switch Date.”

Finally, paragraph 1.13 says (in part):

“...if there is an outstanding debt on your Old Account, your Old Bank is entitled to use any funds or payments it receives (including by cheque) in full or part settlement of the debt on your Old Account.”

Neither of these documents mentions overdrafts, nor can I see anything which suggests that an overdraft balance will be carried over from the old account to the new. Instead, the above terms make it clear that an overdraft on the old account is the customer’s responsibility, and that it remains a matter between the customer and their original bank.

Nationwide’s responsibility was only to tell Miss O that she still had an overdraft balance. I’m satisfied that sending bank statements to her online banking app was adequate, because she agreed to accept statements in this way when she downloaded the app and logged into it for the first time. Nationwide was not to know that she had deleted it.

Nationwide also sent Miss O a letter on 24 November 2022, as I’ve said. That letter does not say that she had an overdraft balance; it only says that her arranged overdraft limit has been reduced to £0. So I don’t think that this letter was enough to tell her that she still had an overdrawn balance with Nationwide, but I think that the statements Nationwide sent her

make up for that. I have also seen Miss O's statements for her new bank account, which had an opening balance of £50 in credit in October 2022. So I think she was told that she didn't have an overdrawn balance with the new bank before the phone call with Nationwide at the end of November.

So I'm satisfied that Nationwide didn't do anything wrong when the account was switched. I'm also satisfied that Nationwide was entitled to report the overdraft to the credit reference agencies, and to charge interest on the overdraft balance, up to the date where Miss O referred this complaint to our service. (I refrain from making any findings about the period after that date, because Miss O only complained about that recently, and Nationwide has not had an opportunity to comment about that issue. Our investigator told her that this would therefore need to be the subject of a new complaint.)

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 22 November 2023.

Richard Wood
Ombudsman