

The complaint

Mr B complains that Nationwide Building Society suspended his credit card unreasonably after pursuing him for debt repayment.

What happened

Nationwide wrote to Mr B about its concerns that he was in a state of 'persistent debt', and asked him to increase his monthly payment. Mr B said he asked Nationwide if he could increase his direct debit towards the outstanding debt, but was told this wasn't possible.

Mr B paid £4,000 in January 2023 and £1,000 in March. Nationwide texted him on 8 March that his card would close at the end of March. He said Nationwide told him it was removing persistent debtors and closing his account because he hadn't made a formal arrangement. Mr B complained to Nationwide that he wouldn't have paid £5,000 just to lose his credit.

Mr B said he will be badly affected by the cancellation of his credit card. He has to travel for work and that might will not be possible without his card. He said if Nationwide would keep the card account open he would commit to paying above the minimum payment for the future. Otherwise he asked for the return of his payments, made at Nationwide's behest.

Nationwide said it had suspended Mr B's card until the full balance is repaid. It said it had been contacting him about persistent debt since July 2021 and as it hadn't received enough voluntary contributions by 6 January 2023 it had told him that he had three months to clear the balance, or his card would be suspended. Nationwide repaid to Mr B £4,606.96.

Mr B wasn't satisfied with this response and referred his complaint to our service. Our investigator didn't recommend the complaint be upheld. She said Nationwide told Mr B that he was in persistent debt on 7 July 2021. This letter was an 18-month notification letter. On 7 April 2022, B sent Nationwide sent a 27-month notification letter and over 10 other letters. She said Nationwide sent a 36-month letter about the debt to Mr B on 6 January 2023.

The investigator said in Mr B's call with Nationwide on 2 January 2023 it told him he could increase his direct debit or make one off payments. Mr B said he'd tried this in the past, but these had failed. His payment took effect on 13 January 2023 but was too late to prevent the suspension of his card, and his direct debit was unchanged. She said Nationwide returned Mr B's payments even though the debt remained. And she thought Mr B hadn't responded to his debt until month 36 and Nationwide acted in line with its policy about persistent debt.

Mr B responded to the investigator, 'obviously I reject your findings'. He hasn't given any other response, and his complaint has been referred to me for a 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'm not sure which part of the investigator's findings Mr B rejects, but I have looked carefully to see if Nationwide treated him fairly in pursuing his indebtedness and suspending his credit

card, and so I have considered the rules banks must follow and the communications between the parties.

There are rules governing how banks may deal with 'persistent indebtedness'. Nationwide said the Financial Conduct Authority's regulations require payments within 36 months to remove persistent debt. Banks are allowed to set their own procedures in relation to debt and Nationwide's policy is in common with others we have seen, and the Financial Conduct Authority's most recent regulations introduced in 2018.

Nationwide sent Mr B periodic letters concerning his indebtedness, and more than 10 other letters advising him on how to deal with persistent debt. I have looked at copies of each of these letters and consider them to be how we would expect a bank to alert its customers about ongoing indebtedness, and they provided advice.

Nationwide kept Mr B regularly informed of the situation, but I haven't seen that Mr B responded to these communications until the end of the 36-month period set by Nationwide for dealing with the debt was reached. At that time he made a payment, but later than indicated, and Nationwide wrote to confirm his card would be suspended unless the full balance was paid in three months. Nationwide said Mr B did not make contact again until 15 March 2023, though I can see he made another payment shortly before this.

Nationwide's actions in suspending Mr B's credit card were in accordance with the terms and conditions of Mr B's credit card agreement.

I can see that Mr B felt that his payments of £5,000 should have been sufficient to prevent the suspension of his card. But they fell outside of the approach Nationwide adopts to persistent debt. Nationwide then refunded the payments Mr B made to his card even though the debt balance increased as a consequence. This dealt with some of Mr B's complaint about how he had been treated and I think was fair to him.

As to Nationwide's handling of Mr B's card, I think it has dealt with him in accordance with the rules and its stated approach to persistent debt, and I think it has treated him fairly. It follows that I won't require Nationwide to take any further action.

My final decision

For the reasons I have given the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 November 2023.

Andrew Fraser
Ombudsman