

The complaint

Mrs M complains that Nationwide Building Society failed to notify her that her credit card was due to expire, resulting in her account being closed.

What happened

Mrs M had a credit card account with Nationwide. She lives overseas but uses her credit card to purchase items in the UK. Mrs M called Nationwide in November 2022 as her card had expired and she was concerned a new one had been lost in the post. Nationwide said it had sent a letter to Mrs M saying that as there had been no activity on her account, she would need to use her card or her account would close. It also said Mrs M could fully close her account and then apply for a new credit card account five days later. Mrs M said she hadn't received the 'use it or lose it' letter and when she tried to open a new account, she was unable to as she wasn't a UK resident. So, she complained.

Nationwide said it doesn't send out replacement cards to customers living overseas. Instead, the cardholder would need to contact Nationwide and if that doesn't happen within six months, it'll close the account. So, it didn't think there had been any mistake relating to the renewal of Mrs M's card. But it said it had made a mistake when it told Mrs M it had sent her a 'use it or lose it' letter. It hadn't done that. It said it only sent those letters to customers living in the UK. It also said it had made a mistake in saying Mrs M could reapply for a new account after 5 days of it showing as being closed. It said it should actually have been 72 hours and this only applied to residents of the UK. It apologised for the inaccurate information provided and offered Mrs M £75 for any distress or inconvenience caused.

Mrs M wasn't happy so brought her complaint to this service. Our investigator didn't think Nationwide needed to do anything more. She thought £75 was fair compensation for the customer service Mrs M received. But she didn't think Nationwide had acted unfairly by not renewing her card.

As Mrs M didn't accept the investigator's outcome, her complaint was passed to me for a decision. I reached a different outcome to that reached by our investigator and so I issued a provisional decision, which I shared with both parties. I've set out the main part of my findings below:

"The terms and conditions of Mrs M's credit card account say that Nationwide can close her account at any time. But, importantly, it adds that it will provide her with at least two months' notice before it does that. I assume that's so its customers can decide if they want to continue using their account. I haven't seen any evidence that Mrs M was given two months' notice before her account was closed.

In any event, Nationwide didn't close Mrs M's account six months after her card expired. It only closed her account in November 2022, which was over a year after her card expired. And it's not clear to me why it closed her account at that time. Mrs M called Nationwide in November 2022 because she wanted to use her credit card when she travelled to the UK and noticed it had expired. Nationwide has accepted she was misadvised in this call, saying it had sent her a 'use it or lose it' message

when it hadn't and by saying she could reapply for a card within 5 days of closure when it was 72 hours and this only applied to residents of the UK.

The outcome of the call was that Mrs M's account was closed and she wasn't able to reapply for a new card because she's not a UK resident so she doesn't meet the eligibility rules. This was the opposite of what she wanted and, in light of the information I've seen, I think she's been treated unfairly. She wasn't given two months' notice of closure and she was denied the opportunity to keep her account open and active.

Putting things right

Mrs M says she wants her credit card account reopened. Nationwide believes it was justified in closing her account due to inactivity. It's pointed to the terms and conditions of her account, which say it might decide to close her account if she hasn't made any transactions for 12 months or more. And Mrs M hadn't made any transactions for more than 12 months. I should note though that this is only on the proviso it gives her two months' notice before doing so, which it didn't do. Nationwide also said reopening Mrs M's account would be a risk to its business should she find herself in a position where she's unable to repay the debt, as it would have no legal recourse to recover the debt. I assume that's because Mrs M lives overseas.

I think it was unfair of Nationwide to close Mrs M's account. But had it done things correctly and notified her of its intention to close the account, I can't say for sure she would have made the transactions necessary to keep the account open. In light of what Nationwide has said, and on balance, I don't think it would be fair to ask Nationwide to reopen Mrs M's credit card account.

Nationwide has already offered Mrs M £75 for the inconvenience caused by providing inaccurate information in the call of November 2022. But I think it should do something more to acknowledge the fact Mrs M was deprived of the opportunity to keep her credit card account open. Had she been able to do that, she would not have needed to arrange different ways of planning her finances when she travelled to the UK in late 2022. She has also said she's found it extremely taxing having to deal with this matter, which has caused her significant stress. She said she found this particularly challenging because at the time of these events she was recovering from an accident in which she sustained a traumatic brain injury amongst other serious and life changing injuries.

I think a further payment of £175 (in addition to the £75 already offered) would be a fair and reasonable way of putting matters right in all the circumstances."

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.

Nationwide said they were happy to accept the outcome I'd recommended in my provisional decision. Mrs M provided a number of comments. She pointed out that she had used her credit card on numerous occasions to make purchases in the UK since she moved abroad about ten years ago. She said she's never had any issues regarding payments to her credit card account and thought the risk exposure to Nationwide was very low, particularly as she had regular funds going into her Nationwide current account.

Mrs M also provided further information about the accident she sustained in December 2018.

She said this relates directly to why she hadn't used her credit card for an extensive period of time between that date and 2022. And she didn't think the extenuating circumstances of her situation had been taken into account. In conclusion, Mrs M didn't think it was fair and reasonable for Nationwide not to reopen her credit card account. She didn't think £175 was a fair way of resolving her complaint as it didn't put her back into the position she would have been in but for the errors made by Nationwide.

I should start by reassuring Mrs M that I have carefully considered all the evidence in front of me, including the information she kindly shared with us about the accident she sustained in 2018. I have also reviewed matters in light of the information she's most recently shared with us. I can appreciate why Mrs M thinks my decision is unfair given I've found the way Nationwide closed her account was unfair. But this doesn't change the fact that Nationwide isn't obliged to keep her as a customer – just as she was never obliged to keep her credit card account with Nationwide. It's entitled to close her account - that's a commercial decision for it to take.

Nationwide accepts it didn't give Mrs M the two months' notice of closure it should have done. But I don't think it would be right to reinstate her credit card on that basis alone. Mrs M says the risk to Nationwide's business is very low, and that may be the case. But the account is usually only open to UK residents and Mrs M lives abroad, so I think that's a relevant factor to take into consideration. Another factor, as I've said in my provisional decision, is that had Nationwide done things correctly and notified Mrs M of its intention to close the account, I can't say for sure she would have made the transactions necessary to keep the account open. I've taken account of what Mrs M has said about her recovery from the accident. Nonetheless, Nationwide could have reasonably closed her account earlier than it did had it notified her properly and not received a response.

I appreciate that Mrs M feels strongly about this issue and I know this decision will come as a disappointment to her. But, on balance, I don't think it would be right to require Nationwide to open her account again.

I do think Nationwide should compensate Mrs M for being deprived of the opportunity to keep her account open, and for the other customer service issues she's experienced, as noted above. And I think the amount I recommended in my provisional decision is a fair and reasonable way of resolving this complaint in all the circumstances.

My final decision

In light of my findings above, my final decision is that Nationwide should pay Mrs M a further £175, on top of the £75 it has already offered, to recognise the poor service it's provided.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 20 December 2023.

Richard Walker
Ombudsman