

## **The complaint**

Ms G complains that Nationwide Building Society haven't provided her with a suitable solution to pay off her credit card that is in persistent debt.

## **What happened**

Ms G says she received notification from Nationwide that her credit card account was in persistent debt. She says she had been keeping up with the monthly minimum repayment as per the terms and conditions of the account. But Nationwide asked her to increase her monthly repayments to an amount she couldn't afford.

Ms G says she has told Nationwide that she can't afford to increase the amount she pays each month. And because she can't agree to a paydown plan on a lower rate of interest (but increased monthly repayments), she is forced to remain on a higher rate of interest which she doesn't feel is fair. Nationwide has also suspended the use of Ms G's credit card account, which she says has left her without the use of emergency credit.

Ms G adds that she doesn't feel as though Nationwide has offered her the appropriate support or have offered her a solution to pay down the balance of the credit card without leaving her worse off financially.

Nationwide responded to Ms G's complaint, but it didn't think it had done anything wrong. It explained that there were rules it had to adhere to in relation to persistent debt, which it felt it had followed. It advised her of when it suspended her credit card and the dates of the letters it sent to her before doing so. It also asked Ms G to contact it to find out what plan would be available to her and explained that it wouldn't be able to set up a plan without her agreeing to it first. It also explained that it wouldn't be able to reduce her interest rate to zero and backdate it, nor would it move the balance to a new card with an offer. Nationwide did pay Ms G £100 for some customer service issues she experienced, and it also agreed to waive two months' worth of interest.

Unhappy with Nationwide's response, Ms G referred the matter to this service.

While the Investigator was communicating with Ms G in relation to her complaint, Ms G let the Investigator know that she couldn't speak to Nationwide over the phone about a paydown plan. To assist Ms G, the Investigator asked her to complete an income and expenditure form which they forwarded to Nationwide. Following this, Nationwide noted that the minimum payment was unaffordable for Ms G. So it cancelled her direct debit, waived interest for six months and explained to this service that the account would default.

Ms G was unhappy with this, as she said she didn't want the account to default.

An Investigator considered what both parties had said, but they didn't uphold the complaint. In summary, they felt that Nationwide had made attempts to contact Ms G to discuss a paydown plan in relation to the persistent debt, they explained that Nationwide had let Ms G know that her card would be suspended. And they felt that Nationwide's decision to

potentially default the account wouldn't be unfair, given that the results of the income and expenditure form showed that Ms G had little ability to be able to repay the debt.

Ms G replied to the Investigator to say that she didn't think the suggestion for her to stop making repayments and defaulting her account was an appropriate resolution to her complaint. She said the short and long term impact to her credit file would negatively affect both her and her partner. And she didn't want Nationwide's collections team contacting her and adding additional stress.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

### **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 considered everything available to me, I won't be upholding Ms G's complaint. I appreciate this decision will come as a disappointment to her, however I'll explain my reasons for this below.

I'll start by saying that when coming to a decision on this case, I have taken into account all of the information that has been provided to me by both parties. While I have read everything that's been provided, I won't be commenting on everything – this isn't intended as a discourtesy to either party, but merely to reflect the informal nature of this service.

I don't think it's in dispute here that Ms G's account fell into a state of persistent debt – this is when someone pays more in interest and charges than they have towards the outstanding balance on the account over set periods of time. There is a requirement on Nationwide to ensure that it notifies and attempts to help customers in these circumstances.

I can see that Nationwide sent Ms G a number of letters to let her know her account was in persistent debt. It also sent her information of a paydown plan option that was available to her – to help her pay off the balance within a reasonable period of time. The letters also ask Ms G to get in touch with Nationwide to discuss the matter further.

I appreciate that Ms G says she couldn't afford to increase her monthly repayments – and so she wasn't able to afford to pay more each month and take the option of the pay down plan. But the letter also asks Ms G to get in touch to discuss other options if this was unaffordable, which Ms G didn't do. I don't think that Nationwide has acted unreasonably here. While the offer might not have been affordable for Ms G, Nationwide couldn't have known this without speaking to her. And if it had been able to speak to her, it might have been able to offer a something different to try and help.

I have noted Ms G says she didn't receive any communication to let her know that her card had been suspended as a result of the account being in persistent debt. Looking at the information provided by Nationwide, I can see it has sent screenshots of when communication was sent to Ms G, and it has provided templates of the wording that would have been used in the letters. Letters sent in November 2020 and January 2021 let Ms G know that if action wasn't taken then her card would be suspended. And a letter in February 2021 let Ms G know her account had been suspended. Based on the information I've seen; I can't fairly conclude that Nationwide didn't let Ms G know her card would be suspended. And while I accept that this left Ms G without access to emergency credit, it appears Nationwide took this action to prevent the account getting further into persistent debt, which I don't think is unreasonable in the circumstances.

Since Ms G's complaint has been brought to this service, she has explained that she couldn't get in touch with Nationwide to discuss paydown options due to problems with her phone. And so, she sent an income and expenditure form to the Investigator who forwarded this onto Nationwide. Following this, Nationwide found that Ms G wasn't able to afford the minimum repayment, and so it cancelled her direct debit. It explained that it didn't expect her to make a payment to the account. It also waived interest and charges for the following six months, at which point the account would likely default. Ms G says this isn't what she wanted to happen – she still wanted to make repayments, but she wanted to do so at a rate that was affordable to her. And she didn't want the account to default.

Given the information Nationwide had received about Ms G's financial position, I don't think the action it took here was unfair. It wouldn't have been fair of it to demand repayment from Ms G when, based on the information it had received, it could see that she couldn't afford to make it. Waiving interest and charges for a six month period feels fair in the circumstances.

Nationwide have said that the account will likely default at the end of the six month period – given what it knows of Ms G's current financial situation. I note that Ms G doesn't think this will help her at all given the impact a default could have on her credit file. While a default might make it more difficult to obtain credit in the future, it could also mean Nationwide are able to agree a more sustainable repayment plan with Ms G to help her repay what is owed.

Based on everything I've read and been told, I don't think Nationwide have acted unfairly or unreasonably towards Ms G. If Ms G is unhappy with the current arrangement with Nationwide then I suggest she makes an attempt to contact them on the phone to discuss the matter – she can do this free of charge by going to a Nationwide branch.

### **My final decision**

For the reasons set out above, I don't uphold Ms G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 29 May 2024.

Sophie Wilkinson  
**Ombudsman**