

The complaint

Miss J complains that Nationwide Building Society (“Nationwide”) was irresponsible when it granted her a credit card account and later, on several occasions, increased her credit limit.

What happened

In April 2005 Nationwide opened a credit card account for Miss J with a credit limit of £1,800.

Between December 2005 and August 2008 Miss J’s credit limit was increased on six separate occasions to £7,510. In July 2012 it was increased to £10,550 and in March 2013 it was increased to £13,050.

In 2022 Miss J complained to Nationwide that it had lent to her irresponsibly.

In March 2022 Nationwide issued Miss J with a final response letter (“FRL”). Under cover of this FRL Nationwide said it didn’t agree that it had ever lent to Miss J irresponsibly.

In September 2022, and unhappy with Nationwide’s FRL, Miss J complained to our service.

On being notified that Miss J had complained to our service Nationwide submitted that it believed Miss J’s complaint was outside of our jurisdiction on the grounds she had complained to it (and then us) too late.

In December 2022 one of our investigators came to the view that Miss J hadn’t complained too late.

Nationwide didn’t agree with the investigator’s view so Miss J’s complaint was passed to one of my fellow ombudsman for review and decision.

In April 2023 one of my fellow ombudsman issued a decision on Miss J’s complaint. They found that Miss J hadn’t complained too late.

In July 2023 the investigator came to the view that Nationwide hadn’t acted irresponsibly in opening a credit card account for Miss J or in granting credit limit increases between December 2005 and August 2008, but it had acted irresponsibly in granting the credit limit increase to £10,550 in July 2012.

Miss J agreed with the investigator’s view but Nationwide didn’t.

In February 2024 the investigator, having considered Nationwide’s response to his view, wrote to both parties to say that he still believed Nationwide had acted irresponsibly in granting the credit limit increase to £10,550 in July 2012.

Nationwide still didn’t agree so Miss J’s complaint was passed to me for review and decision.

In April 2024 I issued a provisional decision on this case. In summary I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In this decision I've focussed on what I think are the key issues. Our rules allow me to do this and these rules reflect the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

I would also add I've not carried out a form of compliance check or sought to enforce the regulator's rules. What I've done is looked at everything provided and decided whether Miss J has lost out due to Nationwide failing to act fairly and reasonably in its dealings with her.

Finally, and for the avoidance of any doubt, I would like to make it clear that I'm only considering in this decision Miss J's complaint that Nationwide acted irresponsibly when it granted her a credit card account and later, on several occasions, increased her credit limit.

We've explained how we handle complaints about irresponsible and unaffordable lending on our website. And I've used this approach to help me decide Miss J's complaint.

Nationwide needed to make sure that it didn't lend irresponsibly. In practice, what this means is that Nationwide needed to carry out proportionate checks to be able to understand whether Miss J could make the payments required of her (on a newly opened credit card account or on an increased credit limit) in a sustainable manner. And if the checks Nationwide carried out weren't sufficient, I then need to consider what reasonable and proportionate checks are likely to have shown.

account opening and credit limit increases between December 2005 and August 2008

Miss J accepts the investigator's view that Nationwide hadn't acted irresponsibly in this respect. But for the avoidance of doubt I can confirm that based on what both parties have said and submitted I'm of the same view.

July 2012 credit limit increase to £10,550

In July 2012 Nationwide increased Miss J's credit limit by £3,040 from £7,510 to £10,550.

The investigator concluded that the checks undertaken by Nationwide before this credit limit increase was granted weren't reasonable or proportionate. Now I don't necessarily agree, but I need making no finding on this point. I say this because I don't think that Nationwide undertaking further and proportionate checks into Miss J's personal and financial circumstances would have made a difference to its decision to granting this limit increase.

Miss J has provided statements for her main bank account for the period April to June 2012. In the absence of anything else, a review of these is the best way for me to decide what further and proportionate checks by Nationwide into Miss J's personal and financial circumstances in July 2012 might have uncovered and established. And having carried out a holistic review of these statements I've seen nothing that would lead me to conclude that a credit limit increase of £3,040 in July 2012 was unaffordable for Miss J.

Furthermore, and whilst I accept that this isn't always indicative that a credit limit increase was affordable at the outset, I've seen nothing in Miss J's servicing of her credit card account after July 2012 (and before March 2013) that would suggest the credit limit increase was unaffordable. Indeed I can see that during this period Miss J:

- made more than the contractual minimum payment required of her each and every month including, on more than one occasion, payments that were substantially above the contractual minimum payment*
- never had an outstanding debt of more than £7,000 – this being within her previous limit of £7,510*
- had, in October 2012, reduced her outstanding debt to approximately £400*

March 2013 credit limit increase to £13,050

In March 2013 Nationwide increased Miss J's credit limit by £2,500 from £10,550 to £13,050.

Because the investigator came to the view that Nationwide shouldn't have granted the July 2012 credit limit increase he made no finding, nor did he need to, on this credit limit increase.

I don't necessarily think that the checks undertaken by Nationwide before this credit limit increase was granted were unreasonable or not proportionate. But again I need making no finding on this point. I say this because I don't think that Nationwide undertaking further and proportionate checks into Miss J' personal and financial circumstances would have made a difference to its decision to granting this limit increase.

Miss J has provided statements for her main bank account for the period January to March 2013. In the absence of anything else, a review of these is the best way for me to decide what further and proportionate checks by Nationwide into Miss J's personal and financial circumstances in March 2013 might have uncovered and established. And having carried out a holistic review of these statements I've seen nothing that would lead me to conclude that a credit limit increase of £2,500 in March 2013 was unaffordable for Miss J.

Furthermore, and whilst I accept that this isn't always indicative that a credit limit increase was affordable at the outset, I've seen nothing in Miss J's servicing of her credit card account in the two years after March 2013 that would suggest the credit limit increase was unaffordable. Indeed during this two year period Miss J:

- made more than the contractual minimum payment required of her each and every month including, on more than one occasion, payments that were substantially above the contractual minimum payment*
- never had an outstanding debt of more than £11,600 – well within the credit limit of £13,050*
- had, in July 2013, reduced her outstanding debt to approximately £400*

I would also add that it wasn't until 2020 that Miss J got into a persistent cycle of paying Nationwide less than the contractual minimum payment required, this being some seven years after the last credit limit increase. And in my view, although not conclusive, this doesn't suggest the last two credit limit increases were unaffordable.

In summary I don't think that Nationwide acted unfairly or unreasonably towards Miss J and I'm not upholding her complaint. I appreciate that this will be disappointing for Miss J, but I hope she'll understand the reasons for my decision and at least accept that her concerns have been listened to.

Nationwide responded to my provisional decision to say it had nothing further to add.

Miss J responded to my provisional decision to say she didn't agree with it. In her response to my provisional decision Miss J reiterated her previous submissions but added and provided nothing materially new for my consideration.

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.

As Nationwide has confirmed it has nothing further to add and Miss J has neither added nor provided anything materially new for my consideration I can confirm I see no good reason to depart from my provisional findings and I now confirm them as final.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 30 May 2024.

Peter Cook
Ombudsman