

The complaint

Mr U is unhappy that Nationwide Building Society reduced his credit limit and reported adverse information to his credit file.

What happened

On 2 November 2023, made a large payment to his Nationwide credit account which cleared the outstanding balance in full. However, a few days later, on 5 November 2023, Nationwide applied interest of approximately £50 to Mr U's credit account, which placed the account back in the position of having an outstanding balance.

Mr U wasn't aware of the interest that had been applied to his account after he'd cleared the balance in full. And because Mr U believed that he had cleared the account balance in full, he didn't make any form of payment towards the account during the next few months. This meant that Nationwide considered Mr U to have not made at least the minimum contractually required monthly payments towards his account for December 2023, and they reported this to Mr U's credit file.

Additionally, because Mr U didn't make the at least the contractual minimum monthly payment towards his account, Nationwide made the decision to reduce his available credit limit from £13,550 to £500. Mr U wasn't happy about this, or with the missed payment marker that Nationwide reported to his credit file, especially as Nationwide later waived the interest amount that he'd been unaware of, and which had caused him to miss a monthly payment, when he spoke with them in January 2024. So, he raised a complaint.

Nationwide responded to Mr U but didn't feel that they'd done anything wrong by considering him to have missed a monthly payment towards his account. Nationwide also noted that terms of the credit account included that they retained the right to reduce an account limit at their discretion, which they had done. Mr U wasn't satisfied with Nationwide's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel Nationwide had acted unfairly in how they'd managed the situation and so didn't uphold the complaint. Mr U remained dissatisfied, so the matter was escalated to an ombudsman for a final 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 issued a provisional decision on this complaint on 19 June 2024 as follows:

It's for a credit provider, such as Nationwide, to decide whether it is willing to provide credit to any specific person, and if so, what level of credit it's willing to provide to that person. And it must be understood that a credit limit isn't a 'right' that a person has. Rather, credit is provided to an account holder entirely at the discretion of the credit provider.

For these reasons, it's very rarely the case that I'll feel that a credit provider has reduced the credit limit available to one of their account holder's unfairly – because, ultimately, that credit limit is provided to the account holder entirely at the discretion of the credit provider.

However, upon consideration of the specific circumstances of Mr U's complaint, this is one the rare occasions that I feel that a credit limit has been reduced unfairly. And I also feel that the missed payment reporting that Mr U incurred on his credit file has also been applied unfairly in this instance.

This isn't to say that Mr U is entirely without blame here. Indeed, it was Mr U's responsibility to have monitored the balance and status of his account. And this responsibility wasn't reduced or diminished in anyway because Mr U wasn't aware that interest would be accrued on his account for the days of his billing period in which he made the large payment to clear the balance of his account on which a balance had been present. And this is especially the case given that it's clear that Nationwide fulfilled their obligation to issue account statements to Mr U that informed him of the interest accrual and the resultant balance on his account.

But importantly, when Mr U spoke with Nationwide on 17 January 2024, Nationwide waived the interest that had accrued on his account after he'd made the large payment in November 2023. This means that Nationwide waived the interest amount that caused Mr U to incur missed payment reporting on his account and which was the causal factor in Nationwide reducing the credit limit on his account – as per the credit limit reduction letter that Nationwide sent to Mr U in January 2024.

Mr U has said that when he spoke with Nationwide in January 2024, he was told that if he'd called them when making the large payment in November 2023, instead of making the payment online, that the pending £50 interest could have been waived at that time.

Nationwide have denied that the interest could have been waived at that time. But given that Nationwide did waive the interest when Mr U spoke with them in January 2024, I find Mr U's testimony to be persuasive.

Additionally, if it weren't the case that Mr U was told that the interest could have been waived in November 2023, I feel that the fact that Nationwide were willing to waive the interest in January 2024 means that they reasonably should have been willing to waive it in November 2023 also. And I feel that the fact that Nationwide were willing to waive the interest amount in January 2024 means that they should reasonably have backdated that waiver to November 2023, before the interest amount had the damaging effect to Mr U's credit limit and credit file that it did.

Ultimately, considering the above, I feel that Nationwide's willingness to waive the interest amount in January 2024 invalidates their declared reasoning for reducing Mr U's credit limit.

And because of this, I'll be provisionally upholding this complaint in Mr U's favour and instructing Nationwide to restore the previous credit limit of £13,550 to Mr U's account. Of course, this instruction doesn't impact Nationwide's right as per the terms of the credit account to reduce the credit limit available to Mr U at their discretion moving forwards. But such a credit limit reduction should be undertaken in line with the terms of the account, which I don't feel can reasonably be said to be the case at present, for the reasons stated above.

Furthermore, I'll also be provisionally instructing Nationwide to remove the missed payment reporting from Mr U's credit file. This is because, as explained, I feel that if Nationwide were willing to waive the interest amount in January 2024, this waiver should have been backdated to the point that the interest first accrued in November 2023, so that it had no

adverse impact on Mr U.

However, I won't be issuing any further provisional instructions beyond the above to Nationwide, such as a compensation payment to Mr U. This is because, as stated, it was ultimately Mr U's responsibility to have been aware of the balance of his account as per the statements issued by Nationwide. And I don't consider an incorrect understanding on Mr U's part that there was no balance to be a valid reason as to why this responsibility wasn't met.

Finally, Mr U feels that Nationwide has discriminated against him based on his ethnicity. Acts of discrimination are defined within the Equalities Act 2010. However, while this service takes relevant law into consideration when considering the fairness of an action, this service isn't a Court of Law, and so it isn't for me to decide whether Nationwide have acted in a discriminatory manner as per the Equality Act 2010 or not. If Mr U wants such a decision, he would need to obtain one via a Court of Law.

But it is within my remit to decide whether I feel that Nationwide have acted fairly or unfairly, in consideration of the full circumstances of a complaint. And, as explained previously, I don't feel that Nationwide have acted fairly in this instance, for the reasons detailed above.

Accordingly, my provisional instructions to Nationwide are that they must restore the £13,550 credit limit to Mr U's account (with no impact on Nationwide's right, as per the terms of the account, to reduce this credit limit at their discretion moving forwards) and remove the missed payment marker they've reported for December 2023 from Mr U's credit file.

Mr U responded to my provisional decision and asked this service to instruct compensation to him so that Nationwide received a deterrent to conducting themselves similarly in the future. But it isn't the role of this service to punish or fine a business. As such, I can only consider instructing a payment of compensation if I feel it is merited based on the specific circumstances of the complaint under consideration.

In this instance, as I've explained in my provisional decision letter, I don't feel that it would be fair to instruct Nationwide to pay any form of compensation for what happened here to Mr U. To confirm, this is because, ultimately, it was Mr U's responsibility to have monitored the ongoing status of his Nationwide account. And I confirm here that I don't consider Mr U's incorrect understanding that there was no balance on the account to be a valid reason as to why he didn't meet that responsibility. Because of this, while I feel that this complaint should be upheld on the basis described above, for the reasons I've explained, I don't feel that any form of compensation payment to Mr U is fairly or reasonably merited here.

Mr U has also reiterated his belief that Nationwide discriminated against him. But I can only confirm what I explained in my provisional decision, which in short is that it isn't within my remit to decide whether Nationwide have acted in a discriminatory manner as per the Equality Act 2010, but that I do feel that Nationwide didn't act fairly by not backdating the waiver of interest they applied on Mr U's account to when that interest was first applied.

Finally, Mr U has said that he's unhappy with how Nationwide handled his complaint into this matter. However, as per the rules by which this service must abide – which can be found in the Dispute Resolution (“DISP”) section of the Financial Conduct Authority (“FCA”) Handbook – this service can only consider complaints about specified activities, of which complaint handling isn't one. In short, this service can't consider a complaint about how a business has handled a complaint, regardless of what that complaint is itself about. And this means that this aspect of Mr U's complaint isn't one that it's within my remit to consider.

Nationwide also responded to my provisional decision and said that while they felt it should have been incumbent on Mr U to have monitored his account, they agreed to amend Mr U's credit file and reinstate his credit limit (with no impact on their right to lower or withdraw the credit limit in line with the terms of the account in the future) as per my provisional instructions to them.

This outcome – the reinstatement of the prior credit limit and the removal of the adverse credit file reporting – continues to feel fair to me. As such, I see no reason not to issue a final decision here whereby I uphold this complaint in Mr U's favour on the basis described in my provisional decision above. And I therefore confirm that my final decision is that I do uphold this complaint on that basis accordingly.

Putting things right

Nationwide must restore the previous credit limit of £13,550 to Mr U's account.

Nationwide must also remove the missed payment reporting from Mr U's credit file.

My final decision

My final decision is that I uphold this complaint against Nationwide Building Society on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 14 August 2024.

Paul Cooper
Ombudsman