

The complaint

Mr S complains Nationwide Building Society refused to process a transaction after a monthly payment was missed.

What happened

Mr S has held a credit card with Nationwide for many years and usually pays the balance in full each month after receiving his statement. In November 2023, due to an oversight and having received a new card for his account, Mr S says he forgot to make his monthly payment.

Receiving his December statement, Mr S became aware he missed a payment and intended to settle the account in full in the following days. The statement showed Mr S had available balance, so he continued to use his credit card. However, the next day, when trying to make a purchase Mr S' card was declined, which he says caused great embarrassment.

Mr S called Nationwide to understand what had happened as he was unhappy about his card being declined and wished to raise a complaint. However, Mr S says the call handler was more interested in trying to get the balance paid. Mr S consequently complained in writing the following day, alongside paying off his balance in full.

Mr S' complaint to Nationwide included how he'd been spoken to by the call handler. He was also unhappy about the restriction placed on his account, Mr S says this wasn't done in line with the terms and conditions of the agreement. Added to this Mr S says he has a long-standing relationship with Nationwide, and had it factored this in, it should have known this was a simple oversight and done more before declining a payment.

Nationwide accepts the service Mr S was given when on the phone should have been better and credited Mr S' account £50 to apologise for this. Nationwide, however, doesn't agree it did anything wrong in declining the payment. It says as the minimum payment wasn't received, this was a breach of the terms and conditions. Therefore, Nationwide says it was entitled to restrict Mr S' card, decline payments and wasn't required to provide notice before doing this.

Mr S remained unhappy and referred his complaint to our service. He didn't feel Nationwide's actions had been fair, proportionate or in line with the terms and conditions. He referenced Nationwide's right to set off and having significant funds in his current and savings accounts, says the credit card balance shouldn't have been of concern to the building society. Mr S also expressed dissatisfaction about how Nationwide notified him of the overdue amount and how his statements are laid out, which he says aren't clear in the information they provide.

One of our Investigators looked into what had happened and didn't think Nationwide needed do anything further. He thought that as the minimum balance hadn't been paid, Nationwide was within its right to restrict the account and decline transactions. While the Investigator acknowledged having a transaction declined may have caused embarrassment, as he didn't

think Nationwide had made an error, he didn't find them at fault for this. Our Investigator also said he felt the statements were clear in setting out what Mr S owed.

Mr S disagreed with our Investigator, questioning why Nationwide had provided our service with the wrong terms and conditions. Mr S said he held greater savings with Nationwide in other accounts and we hadn't considered fairness and proportionality when referring to the terms and conditions. Mr S highlighted customer protections and ensuring fair outcomes for customers, which he said Nationwide had failed to do in the actions it took.

As the matter couldn't be resolved, it's been passed to me to decide.

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.

All parties accept a payment was missed; however, Mr S doesn't agree with the steps Nationwide took following this. So, in this decision, my focus is on whether Nationwide treated Mr S fairly in declining to process a payment on his credit card account having not received payment.

Monthly statements

I've started by reviewing whether the information provided in Mr S' statements was clear. Our investigator is correct to say it isn't for our service to tell firms such as Nationwide how it should present information, as this is a decision it's entitled to make, I can however review whether I think this information was clear and not mis-leading, considering the relevant rules and regulations including Consumer Duty.

Having reviewed the statements, I haven't found them to be unclear in the information they provide, this is supported by the fact that Mr S said upon reviewing his December statement he was aware he hadn't made the previous payment.

On the first page, is an overview of the account, showing Mr S' credit limit, available balance, a spend summary and breakdown of how much needed to be paid. Opposite this, Nationwide set out Mr S had missed his minimum payment for November and needed to make a payment immediately to rectify this.

I've taken on board Mr S' comments that the statement showed he still had available balance and didn't set out that it may restrict his card if the minimum payment wasn't made. However, at the time of the statement being issued, it was correct that there was no restriction on the account, this wasn't placed for another 10 days after the statement was generated.

And while I accept Nationwide didn't explicitly set out in the statement it may restrict the card or decline to process payments, I don't think it needed to set out every option available to it, as these are set out in the terms – rather I'm satisfied Nationwide made it clear the minimum payment needed to be made immediately.

Mr S says Nationwide failed in its regulatory duties, such as its obligations under the Consumer Duty, to ensure good outcomes for its customers. I've carefully considered this, but for the reasons set out above, as I don't think Nationwide made an error, I don't find that it has made failings, rather I think it clearly set out the necessary information.

Terms and conditions

I've then gone on to consider whether Nationwide was wrong in declining to process a payment on Mr S' card, or in failing to give notice of this.

Nationwide has referenced Section D of the credit card agreement, which I consider to be the relevant section to this complaint; on the basis it relates specifically to missed minimum payments. This section, includes the following:

(vi) If you do not make the minimum payment by the payment due date you will be in breach of your agreement and one or more of the following consequences may apply:

...(e) we may cancel or suspend the use of your card or refuse to authorise a transaction

This is further supported by the terms and conditions, Section 5 – Transactions:

(b) We may, acting reasonably, refuse to allow a transaction if...

(v) you have not made your minimum monthly payment by the due date.

So, having not received payment by the due date, I think Nationwide was within its right to decline the transaction. The above clauses don't set any requirement for Nationwide to give Mr S prior knowledge of this.

Mr S has referenced other sections of the agreement and terms and conditions in which he says Nationwide is obliged to give prior notice of restricting his card or could have acted differently, which I have also gone on to consider.

Mr S is correct that the terms include a right of set off (Section D (vi) (g)), which is a provision whereby Nationwide can take funds from another of Mr S' accounts with the building society to settle his credit card balance. However, this is usually a course of last resort, and I wouldn't expect Nationwide to take this step to manage a customer's account after one missed payment. Rather this is an action it's more likely to take to settle an outstanding amount if other options haven't been successful.

Section E of the credit card agreement relates to Nationwide's right to amend the agreement, and the amount of notice it will give before making such changes. Here Nationwide didn't look to amend the agreement, rather exercised its rights within the existing terms, so I don't think this section is relevant to the complaint.

Mr S has also highlighted sections 10(d) and 10(e) saying these provide a requirement to give notice before restricting an account. Again, I don't think 10(e) is applicable in the circumstances, as this relates to persistent debt, and this hasn't been raised as a concern by any party.

Section 10(d), if read in conjunction with Section 10(b)(ii) can be read as to say Nationwide would look to give notice, if restricting an account if the customer seriously or repeatedly breaks the terms of the agreement, including failing to make the minimum payment by the due date. Nationwide says while the term outlines it will give notice, it also says this may not happen if *"it would not be practicable to do so"* and says this was the case in Mr S's situation.

In considering this, I've thought about the complaint as a whole; In short, Nationwide declined to process a payment on Mr S's credit card as there was a minimum payment outstanding. The terms and conditions outline Nationwide may do this, and it wouldn't be possible for Nationwide to give advance notice of declining a payment as it wouldn't know of

it, until it received the payment request. So, while I appreciate it may have caused Mr S embarrassment, I think Nationwide was entitled to take the steps it did based on the terms and conditions of the account.

I note Mr S has said Nationwide could have exercised other routes to chase the outstanding payment before declining to process a transaction. While I acknowledge it had other options available to it, that doesn't mean I find Nationwide at fault for the actions it took. I'm satisfied Nationwide made Mr S aware a payment was outstanding and needed to be settled immediately through the information included in his statement. Following this, the option not to process a payment was one set out in Nationwide's terms and conditions, so I don't find it at fault for exercising this condition.

Service issues

In its initial submission to our service Nationwide provided a copy of the terms and conditions applicable to Mr S' account from 2019, rather than an updated version for the period complained about. I acknowledge that our service should have been provided a correct copy of the terms in the first instance. But I haven't seen anything to say this was more than human error and can confirm we've now been provided a correct copy of the terms, so I'm satisfied I have the correct information to decide this complaint.

I recognise Mr S is disappointed with the actions of Nationwide on the basis that he'd been a customer for years who'd always paid on time; however, I wouldn't expect Nationwide to make assumptions about why Mr S hadn't made a payment and act outside its standard policies. Rather I'm satisfied that having not received the minimum payment, it was then within its right not to process a payment. Notably this had the desired effect as it prompted Mr S to contact Nationwide and the next day his balance was settled.

All parties have accepted that when Mr S called Nationwide it could have been handled better and a complaint should have been set up for Mr S, which didn't happen. Nationwide has apologised for this as I'd expect, and I think its payment of £50 compensation fairly recognises the failings in the call.

Conclusion

Taking everything into consideration, while I appreciate this may not be the answer Mr S is hoping for, I don't think Nationwide needs to do anything further. I think it provided clear information that a payment had been missed and needed to be made immediately to bring the account up to date. As the minimum payment was outstanding, I then think Nationwide then fairly relied upon the terms and conditions to refuse to process a payment. When Mr S called Nationwide, I think it could have handled the call better and Nationwide's payment of £50 to apologise for this is reasonable.

My final decision

For the reasons I've set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 14 March 2025.

Christopher Convery
Ombudsman