

The complaint

Mr M complains Nationwide Building Society (Nationwide) changed the introductory interest free overdraft facility without prior notification.

What happened

Mr M says he opened a FlexDirect account (FD) with Nationwide in April 2024, taking up the offer of 0% interest on his overdraft of £1,000 for 12 months. Mr M says without prior notification Nationwide started charging interest on the overdraft which he didn't notice for several months. Mr M says Nationwide have changed the agreed terms and conditions of the account without notification, and he sees its actions as extremely predatory.

Mr M wants Nationwide to refund the interest and charges on the account, at which point he will clear the outstanding balance.

Nationwide says Mr M wasn't eligible for the interest free overdraft as he had previously held a FD account which was closed in December 2023. Nationwide says this condition was stated online and under the terms and conditions of the account, which Mr M would have acknowledged prior to the account opening.

Mr M wasn't happy with Nationwide's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says Mr M wasn't eligible for the introductory offer as under the terms and conditions of the introductory offer it states: *"you won't get the offers if you've had a FlexDirect account before ..."*.

The investigator also pointed out that under the terms and conditions "Introductory rates and offers", it reinforces the point that if you have previously held a Nationwide current account you are not entitled to the introductory rate or offer.

The investigator says from the information she had seen, Mr M had previously held a FD account with Nationwide which was opened in October 2023 and closed and switched in December 2023. The investigator concluded Mr M wasn't eligible for the introductory overdraft offer and Nationwide had provided reasonable notice of the terms and conditions before the account was opened.

Mr M didn't agree with the investigator's view and asked for the matter to be referred 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I can see it would have been upsetting for Mr M to discover he had been charged interest on his FD account, when he believed he had been offered an interest free overdraft for 12 months. When looking at this complaint I will consider if Nationwide acted fairly when it charged Mr M's FD account with interest, and if it had changed the terms and conditions of the overdraft arrangement without notice.

Mr M's complaint centres around the fact Nationwide having agreed to provide him with an interest free overdraft for 12 months, then withdrew that offer without notification and unfairly charged him interest on the account. Mr M believes this is against various Financial Conduct Authority guidelines and consumer protection laws.

While I understand the points Mr M makes here I'm not fully persuaded by his argument. I say this for a number of reasons, firstly when Mr M opened the FD account online in April 2024, under the terms and conditions he accepted, it does state under the section 6 "Your Account, Introductory rates and offers":

"If you have previously held a Nationwide current account you are not entitled to the introductory rate or offer (where applicable and unless specific offer terms say differently) for that current account product under this agreement".

In addition, I have been provided with a copy of the online FD application page Mr M would have navigated to open the FD account, and it clearly states again under "Why choose our FlexDirect" that you won't get the offers if you've held a FlexDirect account before.

Here, I have been provided with evidence that shows Mr M opened a FD account with Nationwide on 1 October 2023 and switched this to another provider on 6 December 2023.

So, with that in mind Mr M was never eligible for the introductory interest free offer and I'm satisfied this was made clear to him by Nationwide before he opened the FD account in April 2024. Although Mr M has stated he has little recollection of the previous FD account and this was not really utilised, doesn't alter the fact he did have a FD account before which meant he wasn't eligible for the new offer.

So, while Mr M feels Nationwide should have given him notification of the interest being charged and what he feels was a change in the terms and conditions, the fact here is he wasn't ever eligible for the interest free overdraft for the reasons I have already explained - so there were no changes in the terms and conditions for Nationwide to notify him of.

I can see Nationwide also provided regular online statements which would have shown the interest rate being applied and it remained Mr M's responsibility to check those statements and the terms and conditions of the account he'd applied for.

While Mr M will be disappointed with my decision, I won't be asking anymore of Nationwide here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 June 2025.

Barry White
Ombudsman