

The complaint

Miss F complains Nationwide Building Society lent to her irresponsibly when they gave her an overdraft and subsequently increased her credit limit. She also says they defaulted her account unfairly and failed to notify her before doing so.

What happened

Miss F complains about the lending decisions below and Nationwide's failure to monitor her reliance on borrowing. She also was unhappy that after falling into financial difficulties, she felt they unfairly defaulted her account.

Date	Overdraft limit
19 September 2018	£1,000
20 April 2020	£2,000
25 September 2020	£3,000

Nationwide investigated Miss F's concerns and issued their final response. In this, they explained they'd lent to Miss F fairly as she met their criteria for her account and overdraft facility. They also said they'd increased her overdraft limit in line with the terms and conditions of the account. Regarding the default, Nationwide said Miss F's account was passed to their collections teams in early 2022. After their numerous attempts to contact Miss F about her account, it was eventually defaulted in May 2022. However, they explained her account shouldn't have defaulted until September 2022 and paid Miss F £50 in recognition of their mistake. They didn't change the default date as their mistake means the default will drop off Miss F's credit file sooner.

Miss F remained unhappy, so she brought her complaint to our service.

Our Investigator didn't think Nationwide needed to do anything to put things right. He explained that if we consider a consumer has been lent to irresponsibly, our usual approach is to ask the business to refund any relevant interest and charges. The type of account Miss F had meant her overdraft didn't incur any interest and charges, so even if Nationwide shouldn't have lent to her, no refund was due.

Regarding the default, our Investigator explained that Miss F stopped crediting her account after December 2021. And despite Nationwide's attempts to contact her, no further credits were made to the account – and given the time that had passed, he felt Nationwide acted fairly by defaulting the account. He also explained that Nationwide had written to Miss F about the status of her account and sent a notice of default to the address they held on file for her. He couldn't see that Miss F had notified them of a change of address, so he didn't agree they did anything wrong by using the address they had on file.

Miss F disagreed with our Investigator, so her complaint was passed to me 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 considered everything, I've reached same outcome as our Investigator. I'll explain my reasoning below.

We've set out our general approach to complaints about unaffordable/irresponsible lending – including the key rules, guidance, and good industry practice on our website. And I've referred to this when deciding Miss F's complaint.

Nationwide needed to make sure they didn't lend irresponsibly. In practice, what this means is Nationwide needed to carry out proportionate checks to be able to understand whether Miss F would be able to repay what she was being lent before providing any credit to her.

Where we find a business shouldn't have lent to a consumer, our usual approach is to ask them to refund any interest and charges from the point they shouldn't have approved further credit.

I've reviewed the statements for Miss F's account from the point of opening. Having done so, I can't see that interest and charges were accrued. As such, even if I were to make finding on Nationwide's lending decision, there wouldn't be any redress due. Therefore, I don't consider there's anything further Nationwide needs to do in respect of this complaint point.

I've next considered Miss F's concerns about her account being defaulted. Having seen Miss F's statements, I can see she didn't credit her account after December 2021. This meant her overdraft, which was a debt, wasn't being repaid. So, I don't consider it was unreasonable for Nationwide to pass her account to their collections department when this happened and direct debits were consistently being returned.

Nationwide has sent us copies of the letters they sent to Miss F from February 2022 onwards about her account being over the agreed overdraft limit. In these, they asked Miss F to bring her balance within the agreed limits and encouraged her to contact them if she couldn't. This is exactly what I would have expected them to do. But when they didn't receive a response from Miss F, a notice of default was issued on 29 March 2022.

Nationwide wrote to Miss F on four occasions about the status of her account. And between April and May 2022, they attempted to call her on 10 separate occasions. So, it's clear they made numerous attempts to speak with Miss F about her account. Miss F says she didn't answer Nationwide's calls as she was struggling with her mental health at the time. I am very sorry to hear about the difficulties Miss F was experiencing, and I can appreciate why this would have meant she struggled to speak with Nationwide over the phone. However, I can't see that Miss F let Nationwide know what she was going through – so they didn't have the opportunity to see what support they could offer her.

Regarding the letters, Miss F says she didn't receive them as they were sent to an address she hadn't lived at for many years. She's sent us details of her change of address since account opening, until it was defaulted. But Nationwide has provided us with information that indicates they weren't notified when Miss F's address changed during that period. They've also sent evidence that shows Miss F applied for a Nationwide account in late December 2021, and when doing so she listed the address they'd held for her since 2016. This application took place just two months before they started writing to Miss F about her overdraft. So, based on this evidence, I'm not persuaded Nationwide would have known this address was one Miss F no longer had access to. Because of this, I don't think they acted

unreasonably by using that address – particularly when sending correspondence they were obligated to send by post.

Nationwide say they shouldn't have defaulted Miss F's account until September 2022, and they paid her £50 in recognition of their mistake. Guidance from the Information Commissioner's Office suggests lenders should consider defaulting an account when there are between three to six months' worth of arrears. Given Miss F didn't credit her account for the best part of five months, I don't consider Nationwide treated her unfairly in defaulting her account when they did. So, I don't think there's anything further they need to do to put things right here.

I understand having a default on Miss F's credit file means it can make it harder for her get credit until it drops off. However, credit files are expected to be an accurate reflection of how a customer has managed their account. For the reasons detailed above, I'm satisfied Nationwide is reporting the information I'd expect about Miss F's current account.

I know this isn't the outcome Miss F hoped for, but I'm not persuaded I've seen enough to conclude Nationwide treated her unfairly.

I've considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Nationwide lent irresponsibly to Miss F or otherwise treated her unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is I'm not upholding Miss F's complaint about Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 10 July 2025.

Sarrah Turay
Ombudsman