

## **The complaint**

Mrs B complains about how Nationwide Building Society treated her in relation to her credit card account that was in persistent debt.

## **What happened**

Mrs B says she has been in persistent debt with her Nationwide credit card since 2015. The balance she owes has been in the region of £15,000 over that period. Mrs B believes that between 2015 and 2023, she has paid around £28,000 in interest charges.

In February 2023, Mrs B went into a forbearance agreement with Nationwide whereby she paid a set monthly amount, and she wouldn't be charged interest. She made the agreed repayments, but then unfortunately lost her job.

Mrs B says she made Nationwide aware of the change in her circumstances and let them know that she was now receiving job seekers allowance.

Mrs B says she was shocked by the response from Nationwide. She says Nationwide claimed that her credit card account was no longer in persistent debt, it no longer offered forbearance agreements, it started to charge her interest and made demands for repayment of the debt.

Mrs B says she believes that Nationwide are in breach of the persistent debt rules issued by the Financial Conduct Authority (FCA).

Mrs B says she would like to understand if Nationwide should have helped her earlier than 2023 in view of persistent debt. And she has asked if Nationwide are fair to adopt a zero-tolerance policy to customers in persistent debt and to whose circumstances have changed.

Nationwide sent various responses to Mrs B's complaints, but overall it didn't uphold her concerns. I will summarise what it said about Mrs B's complaints below:

- It acknowledged that Mrs B felt harassed by the letters it had sent her, but it said it was required to still send statements and notice of sums in arrears even while a person is in a repayment arrangement.
- Mrs B's account doesn't currently fit the criteria for persistent debt criteria, because she is currently in a payment plan for financial difficulties.
- It acknowledged she had lost her job and went through an income and expenditure assessment with her to come to a repayment plan.

An Investigator considered what both parties had said, but they didn't think Mrs B's complaint should be upheld. They explained a bit about what persistent debt is, and that Mrs B's account, while in persistent debt, hadn't been for the period of time she thought it had. They also found that Nationwide had tried to help Mrs B by completing income and expenditure

assessment with her, freezing interest and charges, and so they didn't agree that Nationwide had a zero policy to forbearance.

Mrs B didn't agree with the Investigator's view. She provided information about the balances of her account over time and showed how her credit limit had been increased. She felt this demonstrated that she had been in persistent debt for many years. She added that Nationwide agreed that she was in persistent debt, and this is why it set up a forbearance plan with her. Mrs B said that the Investigator hadn't addressed her point about Nationwide having a zero-tolerance policy in respect of a change in circumstances.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

### **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 all of the available evidence, I won't be upholding Mrs B's complaint. I appreciate this decision will come as a disappointment to her, however I will explain my findings below.

I've read and considered all the information provided by both parties in reaching my decision. I say this as I'm aware I've summarised Mrs B's complaint in much less detail than she has. If I've not reflected something that either party has said, that's not because I haven't seen it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended to be a discourtesy to either party. Rather, it reflects my informal role is deciding a fair and reasonable outcome.

Mrs B has said her account was in a state of persistent debt for many years, and she questions whether Nationwide should have stepped in sooner to help her.

Persistent debt is when a consumer has paid more in interest, fees and charges than they've repaid towards the capital they owe over the previous 18 months. Nationwide has explained that when it first spoke to Mrs B in 2023, she had paid more in interest fees and charges than she had towards the capital balance. But she had at this point been in persistent debt for 17 months and not 18.

When an account reaches 18 months, the firm, Nationwide in this case, is required to contact the customer to let them know the account is in persistent debt, and amongst other things, explain they've paid more in interest fees and charges than they have towards the capital balance owed. At this point they would also need to explain to a consumer that paying more off each month could help them reduce the balance more quickly and reduce the cost of borrowing.

Nationwide hadn't yet written to Mrs B because she had been in persistent debt, at the point she contacted it, for 17 months and not 18 months. Following this, it didn't contact her about persistent debt because she was in the collections process, and it would have been aware that Mrs B wasn't in a position to make increased repayments. There isn't anything unfair or unreasonable about this, and this is in line with the persistent debt rules issued by the FCA.

I note that Mrs B has provided evidence that she thinks shows the account was in persistent debt for longer than this, but I'm not persuaded that this is what the evidence she's provided shows. It simply provides an overview and estimation of her balance, interest due/paid and changes in her credit limit. I can see from the account history, that Mrs B had historically

made larger payments to the account (more than the minimum due), and this would likely have taken the account out of a state of persistent debt. I haven't seen any persuasive evidence to suggest that Mrs B's account had ever hit the criteria for Nationwide to have written to her about persistent debt.

In any event, even if Nationwide had in fact written to Mrs B about persistent debt, it would have recommended that she pays more than the minimum amount due in order to repay the balance quicker and therefore reducing the overall amount of interest she would pay. In 2023, Mrs B contacted Nationwide to say she couldn't afford to meet the minimum repayments due, let alone increasing her repayments. So, I don't think that if Nationwide had contacted her about persistent debt, or done this sooner, that it would have led to a different outcome for Mrs B, because ultimately it would have suggested she pays more, not less.

I think there might have been a bit of confusion about what's happened in terms of the payment plan Mrs B was on. When Nationwide first set up the plan for Mrs B, this wasn't a persistent debt plan. It was an arrangement to pay less than the contractual amount due, because she was in financial difficulties. I think it likely, based on Mrs B's comments, that Nationwide has referred to this as a forbearance plan, which is separate and different to a persistent debt paydown plan.

Based on what I've seen, I'm satisfied that Nationwide did offer Mrs B forbearance and support when she got into financial difficulties. I can see that it has had many calls with Mrs B where it went through an income and expenditure assessments with her, it offered a reduce payment plan, and it froze interest and charges for periods of time. I understand that Mrs B has said that Nationwide told her that it had a zero-tolerance policy to forbearance when circumstances change. But from what I've seen, I don't think this is the case. I can see from the contact notes that Mrs B was told it couldn't set up a forbearance plan for her because, following an income and expenditure assessment, it appeared that her disposable income was more than the minimum repayment – this wouldn't have been unreasonable if this was the case. But other than this, I can see that Nationwide did offer to support Mrs B with various plans when her circumstances changed. For all these reasons, I'm persuaded Nationwide supported Mrs B when she got into financial difficulties, and I haven't seen any evidence to suggest that it wouldn't offer her help. And from looking at Mrs B's past account management, I haven't seen anything to suggest that it ought to have stepped in to help Mrs B sooner than it did.

I understand that Mrs B's account has been passed to a debt collection agency. It is in the terms and condition of Mrs B's account that it can do this. I don't think there is anything unfair or unreasonable about this.

I note Mrs B has more recently requested that this Service consider a complaint about whether Nationwide treated her unfairly when it increased her credit limit. I won't be addressing this issue in this decision, because this is a different complaint to the one Mrs B made to Nationwide and this Service. If Mrs B has concerns over unaffordable lending, she will need to contact Nationwide about this in the first instance.

### **My final decision**

For the reasons set out above, I don't uphold Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 15 August 2025.

Sophie Wilkinson

**Ombudsman**