

The complaint

Mrs C complains that Nationwide Building Society failed to update her address correctly. She says this resulted in, amongst other things, a default being unfairly recorded against her.

What happened

Mrs C holds a credit card account with Nationwide. She was struggling with her repayments, and in January 2024, it was agreed with Nationwide that she would go onto a Nil payment plan for six months, and that her interest would be frozen.

In September 2024, Mrs C called Nationwide to discuss re-starting her repayments, but she was told that her account had already defaulted. She queried this with Nationwide and said that she had not been made aware this would happen and had received no correspondence to that effect – so, she complained. She was also unhappy that correspondence had been going to her previous address with her new name on it.

Nationwide responded. They said that when Mrs C updated her address with them in December 2022, it was updated across all her accounts. However, due to issues with their systems, these changes didn't pull through to her credit card account. They said they had now updated her address across all accounts, including her credit card as of September 2024.

But in relation to the default, they said Mrs C had been made aware of the Nil payment plan, and the consequences of going on one. So, they said they would be unable to amend the default status of her account. They did however agree to pay Mrs C £150 to say sorry for the issues with the address change.

Unhappy with Nationwide's response, Mrs C brought her complaint to our service. She also expressed concerns about how interest had been applied to her account during the plan.

An investigator considered Mrs C's complaint but didn't recommend it be upheld. He said that he accepted Nationwide had made an error in not updating her address correctly. But ultimately, he was satisfied that the £150 they had paid was a fair sum when considering what Mrs C had said about the distress this had caused her.

And, he was satisfied, that despite the address issues experienced, Nationwide had made Mrs C adequately aware that her account would default following completion of the Nil payment plan. So even if Mrs C had received correspondence to advise her the account was due to default, he was satisfied that her circumstances were such, that she still was not in a position to repay the account. He also thought that interest had been applied correctly following the inception of the plan.

Mrs C remained unhappy however, so the case has been passed to me, an Ombudsman, 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.

Firstly, I'd like to say I'm sorry to hear of the distress this matter seems to have caused Mrs C. I understand that having a default registered against her must be distressing.

When considering a case of this type, it's useful to point out to begin with, that banks and financial services companies, have an obligation to provide credit reference agencies with accurate information on how customer's accounts are managed. This is because other lenders may rely on that information when it comes to making credit decisions. This includes information on late and missed payments.

When Mrs C discussed her repayment issues with Nationwide in January of 2024, as set out above, a Nil payment plan was agreed. This was following Nationwide completing an income and expenditure check (I&E) with Mrs C; where it became apparent, she had no disposable income to be able to make even nominal payments towards the account.

On this call, it was explained that the plan would run for six months, and that interest would be frozen. And that the plan would be subject to a default notice. Mrs C confirmed she knew what a default notice was.

The advisor then went on to explain that she would have 28 days from the date the default notice was issued to clear the arrears, otherwise a default would be registered that would remain on her credit file for six years. Mrs C then asked, what this meant, and whether she needed to make a payment in order to not get a default.

The advisor said that Nationwide would issue a default notice when the account was four months in arrears. And that as the account was one month in arrears, this would be issued in April of 2024. He then explained that if Mrs C's circumstances changed before the default notice was issued, that she should start making payments towards her credit card. But he said that if her circumstances hadn't changed, and the default notice was issued, then Nationwide would require Mrs C to pay the four months of arrears within 28 days, so that a default was not registered against her credit file for six years – to which Mrs C replied 'OK'.

Mrs C's plan was to make no payments, and Nationwide made her aware of the consequences of the Nil payment plan. So, I think that by the time Mrs C spoke with Nationwide in September – some 9 months later – she should've reasonably have been aware, despite the issues with correspondence, that she had made no payments towards her account, and that the account would've already been in default at that time.

Mrs C says that had she received the notices of arrears and the default notice, she would've paid. And she has said that she was – at the time the default notice was issued in April 2024 – receiving a wage. But if Mrs C was receiving a wage in April 2024, and had the ability to repay, then I don't think she would have left it a further five months to reach out to Nationwide to discuss starting repayments in September 2024. And ultimately, I've seen nothing to show that she made, or tried to start making, repayments prior to this. So, as no payments had been made to the account, and no new payment plan was in place, I remain satisfied it wasn't unreasonable for Nationwide to default Mrs C's account when they did.

Mrs C has also argued that the compensation Nationwide paid of £150, went nowhere near far enough to compensate her. And she's said that the consequences of her address not being changed has led to severe distress, and life changing damages.

I am sorry to hear of the impact this situation is having on Mrs C, I appreciate it must be distressing. But I've already explained above, why I'm satisfied that Nationwide's error was not the catalyst for the default being issued; and, I've seen no further evidence from Mrs C as to what further damages have been caused as a result of her credit card mail being sent to her previous address. So, based on the evidence available, I'm satisfied that the compensation Nationwide paid Mrs C of £150, is sufficient in the circumstances.

Mrs C has also said that she doesn't think that the interest on her account had been frozen correctly. And that she was allowed to go over her limit on the card after the Nil payment plan had been agreed. She said she had agreed the payment plan earlier in January, but it wasn't until the end of the January that the plan was put in place.

But looking at the evidence provided, the call on 31 January was where the full I&E was carried out with Mrs C, and the Nil payment plan was agreed. And while it seems a call did also take place on 25 January, I can see that Mrs C had already exceeded her credit limit based on the interest that had been applied to her account by the 24 January regardless. So, I'm satisfied the dates of the plan had no impact on Mrs C exceeding her credit limit.

And, while I can see there was interest being charged on Mrs C's February statement, she was already in the January to February billing cycle at the time the plan was agreed on 31 January. So I'm satisfied that there would be some interest charged in the month of February. I can see however that the following month, in March's statement, that no interest had been applied, which I'm satisfied is correct for that month. So, I can't see that an error has taken place here on Nationwide's part.

So, while I appreciate this will likely come as a disappointment to Mrs C, I'm not satisfied that the errors on Nationwide's part resulted in Mrs C's account defaulting, and I'm not persuaded they managed her account incorrectly or treated her unfairly in any other way.

So, for these reasons, I'm satisfied that the £150 compensation paid to Mrs C by Nationwide, for the issues experienced with her address change, was sufficient in the circumstances. And therefore, I won't be instructing Nationwide to do anything further.

My final decision

My final decision is that I do not uphold Mrs C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 26 June 2025.

Brad McIlquham
Ombudsman