

## The complaint

Ms H complains that Nationwide Building Society have unfairly impacted her credit file by reporting her overdraft account as in an arrangement with the credit reference agencies (CRA's).

## What happened

Ms H had a student overdraft account with Nationwide, which had a limit of £3,000. The overdraft limit was due to decrease at specific intervals. In 2022, Ms H got in touch with Nationwide to agree a repayment plan to clear the overdraft. She agreed to reduce the balance on the overdraft by £110 each month.

Ms H complains that it wasn't made clear to her how the arrangement would impact her credit file. She's said that Nationwide didn't offer her any information about an arrangement to pay prior to her agreeing to it, so she was unable to research it. It also wasn't explained to her that the arrangement would appear on her credit file for six years. Ms H adds that there were other options available that wouldn't have impacted her credit file, but Nationwide didn't explain any other options to her.

Ms H says the arrangement being reported on her credit file will likely impact her ability to obtain credit in the future, which she is concerned about.

Nationwide responded to Ms H's complaint. It upheld her complaint in part and offered her £75 for the arrangement having failed as a result of a technical problem. However, it didn't uphold the main crux of Ms H's complaint about how it had reported the arrangement. It explained it had told Ms H about the impact to her credit file. And it didn't think it had done anything wrong in reporting the arrangement to the CRA's.

An Investigator considered the evidence provided by both parties, but ultimately, they didn't think Ms H's complaint should be upheld. They felt that Nationwide had done enough to explain the potential impact to Ms H's credit file. And they felt the actions Nationwide had taken to backdate the date the arrangement ended and pay her £75 for the technical issue with the plan was enough.

Ms H didn't agree with the Investigators view. I have summarised her main points below:

- Nationwide suggested she should pay more than what the outcome of her income and expenditure (I&E) assessment suggested was affordable. The I&E said £104 a month would be affordable, but the agent suggested Ms H pay £110.
- She agreed to enter the repayment plan without understanding the implications. This was due to a lack of transparency from Nationwide. The letters she received didn't explain what an 'arrangement to pay' is, or that she had entered into one. It also wasn't explained that the arrangement would appear on her credit file for six years.
- The repayment plan required her to repay more than she initially owed over a longer period of time. This option was disproportionate to her circumstances as she told Nationwide that her situation was short term.

- The markers on her credit file don't fairly reflect her account conduct, as she made overpayments to repay what she owed, and repaid the overdraft early.
- Nationwide didn't provide her with a copy of the call where she agreed the arrangement, and so it withheld information from her.

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 evidence available to me, I don't uphold Ms H's complaint.

In reaching my decision, I'd like to be clear that I have read and taken into account all of the information provided by both parties. I say this as I'm aware I have summarised Ms H's complaint in less detail than she has. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

The conditions of Ms H's overdraft meant that the overdraft limit was due to reduce periodically. Ms H says her overdraft was due to reduce to £1,750, and she wasn't able to reduce her balance by this much, at the time the limit was due to reduce.

Ms H subsequently made contact with Nationwide by phone, firstly in August 2022 and then in September 2022. I have listened to the calls carefully. Ms H first called because she was concerned that she wouldn't be able to reduce her balance to the new limit in time and she was concerned about interest being applied to the account. On that basis, the agent said it could help Ms H by offering her a repayment plan. Following an I&E, Nationwide offered Ms H an arrangement to pay down the overdraft, which would mean she wouldn't pay interest or charges while she paid down the balance. It was agreed that Ms H would pay £110 a month until the balance was cleared. During the second call, it was explained to Ms H that this could impact her credit file. Specifically, the agent said, *"I do need to make you aware that whilst you are in the arrangement plan, obviously to reduce the overdraft, erm, that will reflect on your credit file that you are working with Nationwide"*, and Ms H responds and says "Yep, understood".

Following the call, Nationwide sent Ms H a letter titled *'repaying your arrangement'* to explain the terms of the plan. This stated, *"Thanks for coming to an arrangement with us to repay your balance in full"*. The letter then explains the terms of the plan, and that *"We'll tell Credit Reference Agencies your account balance and agreed limit. This might affect your credit rating and might make it difficult for you to obtain credit in the future. However we'll also tell them that we've come to an arrangement with you to repay your overdrawn balance"*.

Based on the conversation that took place, alongside the letter that was sent to Ms H after the call, I can't fairly find that Nationwide didn't make it clear to Ms H that her credit file might be impacted as a result of the arrangement. It was also made clear to her that she might find it more difficult to obtain credit in the future. And that she was entering into an arrangement with Nationwide to repay the overdraft in full. I appreciate that the conversation and letter didn't explain things to Ms H in as much detail as she would have like it to, but there was no

requirement for Nationwide to have done this. It just needed to make her aware of the potential credit file impact, which it did. And what the terms of the arrangement were, which it also did. It is my view that Ms H had enough information to understand that she was entering into an arrangement to pay her overdraft, and that this might impact her credit file, making it more difficult to obtain credit. If Ms H wanted more information about this, she could have made further enquiries with Nationwide or done her own research. I don't find that Nationwide did anything wrong in relation to this point.

I note Ms H doesn't feel that the markers on her credit file fairly reflect how she had managed the account. I can understand why she might think this, given that she had made overpayments to the account. Nationwide has updated Ms H's credit file to show that the arrangement ended once she repaid the overdraft. So, the arrangement ended at an earlier point in time than it was due to, which has been reflected on Ms H's credit file. I can't fairly say that it was wrong of Nationwide to have ever recorded the account as in an arrangement, given that this was the position of the account at the time, and Nationwide is required to report accurate information to the CRA's, which it did do. I accept that Ms H had to contact Nationwide to dispute the end date of the arrangement, but I'm pleased to see that Nationwide agreed to update this, which I think is fair and reasonable in the circumstances and presents an accurate reflection of when the arrangement came to an end. I don't think it has done anything wrong here.

Ms H feels the plan was disproportionate because it required her to pay off more than she needed to. And over a longer period of time. When Ms H first called Nationwide in August 2022, the agent provided her with two separate plan options. One for six months which would reduce the balance down to £1,750 and with a balance reduction of £130 a month. The second option was a 24 month plan, with a balance reduction of £110 a month which would reduce the balance to £0. During the call, Ms H said that she wanted the 24 month plan and to reduce the balance to £0. On the second call, Ms H confirmed again that she wanted the 24 month plan. It's clear to me that, at the time, she wanted to pay off the overdraft in full, and so the agent took steps to help her do this. I don't think this was unreasonable. It isn't for Nationwide to provide Ms H with advice as to what option she should or shouldn't take. Nationwide is required to provide her with enough information about the options available so Ms H could make an informed choice, which I'm satisfied it did. So, I don't find that Nationwide did anything wrong in relation to this point.

In addition to this, Ms H says Nationwide asked her to pay more than she could afford each month. Nationwide explained to Ms H on the phone that it needed to reduce the balance in multiples of 10. So, the plan Ms H wanted to go on required the balance to reduce by £104.16 each month, and it was rounded up to £110. Ms H agreed she was happy with this action. I would have expected her to have raised this at the time, or shortly after, if the balance reduction wasn't affordable to her.

I note that Ms H has asked the Investigator to specifically comment on Nationwide not providing her with the phone call when she requested it. And that she feels Nationwide has withheld information from her. It isn't clear what's happened here, and this doesn't appear to be a complaint Nationwide has investigated, which it would needed to have had the opportunity to have done before I could consider the matter. That being said, I have thought about whether the call not having been made available to Ms H when she asked for it, has impacted the outcome of this case, and I'm not persuaded it has – since the call has been made available to me for consideration.

I'm sorry to disappoint Ms H, I can see how strongly she feels about what's happened. And I can understand why – having adverse information reported on a credit file can be upsetting. In reaching my decision on this case, I don't wish in any way to downplay or disregard the upset caused to Ms H. But being independent means I have to take a step back and

consider what both parties have said. And having done so, for the reasons I've already explained, I can't fairly find that Nationwide has acted unfairly or unreasonably.

### **My final decision**

For the reasons set out above, I don't uphold Ms H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 21 July 2025.

Sophie Wilkinson  
**Ombudsman**