

The complaint

Miss W complains that Nationwide Building Society (“Nationwide”) acted irresponsibly when it increased her overdraft limit to £2,000 in April 2021.

What happened

Miss W has held a Nationwide current account for a number of years and in 2019 was granted an initial £250 overdraft limit. This was increased to £500 in May 2020 and in April 2021 Miss W applied for and was granted an overdraft limit increase to £2,000 by Nationwide and this limit never increased.

In April 2025 Miss W complained to Nationwide that it had been irresponsible in increasing the limit to £2,000 when she was struggling financially.

On 17 April 2025, Nationwide sent Miss W a final response letter (“FRL”). Under cover of this FRL Nationwide said it was satisfied it had conducted reasonable and proportionate checks prior to the increase being offered and when conducting its reviews. Unhappy with the FRL, Miss W brought her complaint to our service.

Miss W’s complaint was considered by one of our investigators who didn’t uphold it, coming to the view that Nationwide had treated Miss W fairly.

Miss W didn’t agree and so her complaint has been passed to me for review and 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 can confirm that I’ve come to the same overall conclusion as the investigator and for broadly the same reasons.

I’m aware that I’ve summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I’ve focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there’s something I’ve not mentioned, it isn’t because I’ve ignored it. I haven’t. I’m satisfied I don’t need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I’ve got is incomplete, unclear or contradictory, I’ve to base my decision on the balance of probabilities.

Did Nationwide conduct proportionate checks prior to making its lending decision?

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

So before increasing the credit available to Miss W, Nationwide needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There isn't a prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include – but aren't limited to the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. And it's important to note that an overdraft is designed for short term borrowing. I'd also expect Nationwide to think about Miss W's ability to repay the whole borrowing in a reasonable period.

As part of the application for a £2,000 overdraft, Nationwide assessed Miss W's income to be around £1,875 a month. Miss W was also in receipt of disability living allowance for her two children and maintenance payments spread out over her FlexDirect current account and a FlexBasic account. The combined income from Miss W's pay, allowances and maintenance payments came to over £4,000 over the two accounts. Our investigator commented that if all Miss W's income had been paid into her FlexDirect current account, which was the account with the overdraft, the overdraft use would have reduced significantly. And I agree.

Miss W has said Nationwide were wrong to consider her DLA payments as income, as these amounts were towards the living expenses for her two disabled children. But I disagree. Banks regularly treat DLA as income when considering credit so long as it's a consistent and reliable income. I don't think it would be fair for banks not to consider benefits such as DLA as income as that would discriminate against consumers who may not be working but were in receipt of benefits regularly and who wanted credit. And so by the same token, I think it was fair for Nationwide to consider both the DLA payments and maintenance payments as regular income.

Nationwide told us it conducted a credit check before the increase was approved and told us there was no recent adverse information. The only adverse information was considered historic. I asked Miss W for a copy of her credit report so I could see for myself what Nationwide would have seen at the time it conducted her checks. Miss W was unable to provide this but said was happy for us to proceed on the information provided so far by Nationwide. So my decision is based on the information and evidence I've seen so far.

So I've gone on to look at her current account statements to see what Nationwide would have seen. I can see that prior to the overdraft being approved, Miss W's account was well managed and she appeared to be using her overdraft as intended. Nationwide told us it saw no adverse information from the credit reference agency, and I've seen no evidence to contradict this based on Miss W's bank statements.

I don't think Nationwide needed to conduct any further checks at this stage as from what I've seen from the statements, Miss W had managed her account well up until the overdraft was increased and had a combined income of over £4,000 a month over her two accounts to be able to afford the same. And I think it's reasonable that businesses can rely on the

information that consumers provide and what the credit checks reveal when making their lending decisions. So I think Nationwide made a fair lending decision when it agreed to increase the limit to £2,000 based on the proportionate checks it conducted as there was no evidence to suggest the overdraft wasn't sustainable for Miss W.

Did Nationwide monitor Miss W's repeated use of her overdraft?

The regulations put the onus on lenders that an overdraft isn't generally suitable for long term use. So as well as needing to act responsibly when it took the decision to grant the overdraft – ensuring that the overdraft was sustainably affordable without the need for Miss W to borrow more – Nationwide also needed to monitor and review her overdraft usage. And where it identified a pattern of repeat usage, as with Miss W's account, it needed to take steps to try and reduce it. And on balance, I'm satisfied that Nationwide did this when it sent her repeat usage letters. And although it was clear that Miss W was using her overdraft constantly after the increase to £2,000, I can't say, from the evidence I've seen, that there were signs of financial difficulty.

Nationwide identified Miss W as a repeat user when it sent her repeat users letters to her from December 2021 onwards. These letters highlighted the cost of using her overdraft repeatedly and made Miss W aware of support options if she was struggling.

The regulations that cover overdrafts make a distinct difference to the options a business has to consider between consumers that are repeat users of the overdraft AND show signs of financial difficulty, and those that don't. And although it's clear that Miss W was clearly a repeat user, I can't say that there was any obvious evidence of financial difficulty such as adverse credit information or being unable to pay essential bills. So on balance, I think Nationwide monitored Miss W's overdraft fairly and in accordance with the regulations.

I appreciate that Miss W will be disappointed but having considered everything that both parties have said and submitted, I'm simply not persuaded, in the particular circumstances of this case, that Nationwide made an unfair lending decision when increasing her overdraft or in its monitoring of it subsequently.

Did Nationwide act unfairly in any other way

Mrs W also complained that the comments within Nationwide's FRL was disappointing and upsetting particularly the comments regarding her holiday spending. Nationwide subsequently provided a follow up response and apologised for the comments used which is what I would have expected Nationwide to do. So I won't be asking Nationwide to do anything else.

I've also considered whether Nationwide acted unfairly or unreasonably in any other way, including whether the relationship between Miss W and Nationwide might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Nationwide lent irresponsibly to Miss W or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I don't uphold Miss W's complaint against Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept

or reject my decision before 7 January 2026.

Paul Hamber
Ombudsman