

## **The complaint**

Mr S complains that Nationwide Building Society has unfairly reported adverse information about two loan accounts to credit reference agencies (CRAs).

## **What happened**

Mr S previously complained to Nationwide about irresponsible lending relating to two loan accounts. An Ombudsman decided Nationwide had acted unfairly by giving Mr S the loans, and said it should:

- Rework the loans to remove interest and deduct repayments already made
- If there is a balance owed to Mr S it should pay 8% simple interest from the date of payment to the date of settlement
- If there is a balance owed to Nationwide then it should agree an interest free affordable repayment plan with Mr S
- Nationwide should remove any adverse information from Mr S' credit file...

Following the decision Mr S set up two standing orders to repay the outstanding loan balances on a monthly basis, on terms he said were affordable for him. Mr S says these payments were made for seven months without issue. In early 2025 Mr S noticed Nationwide had started to report missed payments to CRAs about one of the loans. Mr S felt this was unfair and against the direction of the decision issued in 2024.

Mr S complained to Nationwide; it didn't uphold his complaint. It said he hadn't engaged with its requests for an income and expenditure assessment to be completed; so, it couldn't reasonably understand what affordable repayments towards the loan would be. It said while Mr S had been making payments to these accounts, these hadn't been agreed by it; and he was still therefore liable to maintain the monthly contractual payments as set out within the loan agreements. As these hadn't been met, it said it had fairly reported missed payments to CRAs.

Nationwide continued to report missed payments to Mr S' credit file, as well as issue Notice of Sums in Arrears (NOSIA) and default letters, which it said were correctly sent given the status of the loan accounts. Nationwide said Mr S should engage with it so it could reasonably assess his up to date financial situation.

Unhappy with Nationwide's response Mr S referred his complaint to our service for review.

One of our investigators considered the details of the complaint and upheld it. She considered Nationwide's actions were having a significant impact on Mr S' health, to the extent that she considered its ongoing actions harmful to Mr S, given the information she knew about his health and vulnerabilities.

Our investigator considered fair redress in the individual circumstances of this complaint would be for Nationwide to:

- Remove all adverse information reported to CRAs about Mr S' loans.
- Ensure no further adverse information is reported while Mr S makes reduced payments to the loans.
- Ensure correspondence sent to Mr S reflects an accurate position of his account – with the outstanding balance reflecting the remaining capital outstanding, and no reference to interest.
- Pay Mr S £500 compensation.

She went on to say that if this couldn't be achieved, Nationwide should:

- Write off the remaining balance on both loans and close the accounts.
- Remove the loans from Mr S' credit file.
- Pay Mr S £500 compensation.

Mr S accepted our investigator's view; Nationwide disagreed. While it provided detailed submission, I've summarised it below:

- The decision issued in July 2024 directed Nationwide to 'agree' an interest free affordable repayment plan with Mr S. As such, it said it needed Mr S to engage with it and provide it with income and expenditure details so it could reasonably assess what he could afford to repay.
- Reporting the loans as having missed payments and being in arrears to CRAs was an accurate reflection of the status of the accounts. Until Mr S engages with it, and it can agree to affordable repayment plans, it considers the contractual monthly payments remain due.
- It considered the investigator's recommendations set out within their view contradicted the Ombudsman's final decision issued in July 2024.
- That recommending the outstanding balances be written off and paying Mr S £500 was unreasonable, and not in line with our service's general approach to redress in irresponsible and unaffordable lending complaints.

Nationwide set out in a further response that it considered our service didn't have the jurisdiction to consider Mr S' complaint; as essentially it related to the enforcement of an ombudsman's final decision, which isn't an activity covered by our jurisdiction.

As an agreement couldn't be reached the complaint has been passed to me 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.

The information in this case is well known to Mr S and Nationwide, so I don't intend to repeat it in detail here. Instead, I've focused my findings on what I consider to be the key points and relevant facts of the complaint. While my decision may not cover all the points or touch on all the information that's been provided, I'd like to assure both parties that I've carefully reviewed everything available to me. I don't mean to be discourteous to Mr S or Nationwide by taking this approach, but this simply reflects the informal nature of our service.

I would also set out here that I've carefully considered the information Mr S has provided about his health and financial situation; which also includes information which all parties agree with, that shows Mr S is a vulnerable consumer.

I acknowledge Nationwide's comments about our service not being able to consider a complaint about whether a business has followed the direction set out within an ombudsman's decision. I agree that the enforcement of an ombudsman's final decision would be a matter for the courts. However, in the individual circumstances of this complaint, I'm satisfied what I'm deciding here doesn't interfere with the previous Ombudsman's decision. I say this because my decision here isn't about the same situation; it's about the situation Mr S has now found himself in since that decision was issued, and what actions Nationwide ought reasonably to take now.

While I acknowledge Nationwide's strong response to our investigator's view and their recommendations on how this complaint should be resolved; I am alert to the fact that Mr S' circumstances aren't those of the average consumer. I don't consider Nationwide is properly engaging with Mr S' individual circumstances, but is rather focusing on the technicalities of Mr S' position. However Nationwide, like I have here, must reasonably consider Mr S' individual situation when thinking about the complaint he has made.

Nationwide is well aware of Mr S' health issues, both from the diagnosed conditions he has shared with it and our service, as well as his mental health conditions.

It's clear to me that Mr S' diagnosed conditions do make dealing with complex situations more challenging for him; and that he understands situations and actions to be black or white, rather than having subjective elements or grey areas.

Following the ombudsman's decision in July 2024 it appears:

- Mr S contacted Nationwide and spoke to a number of departments, which included its specialist teams which support vulnerable consumers.
- Mr S put forward what he considered to be an affordable repayment plan, and this was acknowledged by Nationwide.
- Mr S followed this up in writing to Nationwide and set up two standing orders to make monthly payments to the outstanding debts.
- Nationwide wrote to Mr S in August 2024 setting out actions it had taken following the final decision, about the interest on the accounts. It also made Mr S aware that a department would contact him to set up a suitable plan to repay the outstanding debts.
- From the evidence I've been provided it doesn't appear Nationwide contacted Mr S about setting up a payment plan. However even if it did, it did it doesn't appear to have set out to Mr S that the proposal he'd made and payments he was making were unacceptable.
- As such it appears Mr S considered his proposal to be an acceptable payment arrangement to Nationwide, and his belief was supported by there seemingly being no dispute to this position from Nationwide until around seven months later.
- In early 2025 Nationwide started reporting one of Mr S' loan accounts as having missed payments, and it went on to send NOSIA and default letters. It also requested income and expenditure details from Mr S to understand his financial situation and agree a suitable payment plan.
- Nationwide continues to apply monthly interest to the loan accounts; however it has confirmed that it applied credits to the loans to offset the monthly interest that would be applied, due to constraints within its systems.

Mr S wrote to Nationwide following the decision, setting out that he could afford nominal payments to each of the outstanding loan balances. He set out that these payments would be made across 300 months (25 years). However, while Mr S set this out to Nationwide and

then made these payments each month by standing order, he didn't provide it with evidence of his financial circumstances.

I think it's fair to say there appears to be some confusion over what should have happened. Nationwide was reasonably entitled to expect Mr S to engage with it, and cooperate with any requests for information and evidence in order for it to understand his financial situation.

My colleague's final decision set out, in part (my emphasis is bold):

*"If there is a balance owed to Nationwide, then **it** [Nationwide] **should agree an interest free affordable repayment plan with Mr S.**"*

However, Mr S did proactively set up monthly payments to Nationwide to repay the debts. And he clearly corresponded with Nationwide, setting out his reasons for deciding the amount of these payments, which he says were verbally acknowledged by Nationwide. Nationwide hasn't provided evidence which contradicts Mr S' account of these events.

So, I don't consider it unreasonable that Mr S considered he had provided Nationwide details confirming the amount he thought he could afford to repay, and started making those payments. Nationwide doesn't appear to have followed up on this, or taken more formal action, until around seven months later; so, I consider Mr S reasonably would have thought it had agreed to what he had done and the amount he was paying.

The Ombudsman's decision in July 2024 found Nationwide hadn't made fair lending decisions when providing Mr S with these loans – meaning the Ombudsman considered Nationwide should never have given these loans to him. For Nationwide to suggest that Mr S has failed to maintain his contractual payments on loans it has already been determined it shouldn't have given him, and report the accounts as having missed payments to CRAs, doesn't feel fair or reasonable. I say this considering Mr S' circumstances and, as I have already found, that he reasonably would have thought Nationwide had agreed to the nominal payments he had been making. I consider this is also the case with the NOSIA and default letters that followed, following Nationwide recording the accounts as in arrears.

I don't consider it reasonable for Nationwide to have reported adverse information about these loans to CRAs. And for the same reasons it follows that the recording of arrears, the NOSIA and default letters should also not have happened.

In addition to my findings above, I consider it important and reasonable that I put significant weight on Mr S' well documented health conditions; and the impact Nationwide's actions, this dispute and the ongoing complaint is having on him.

Nationwide will be aware of its obligations when dealing with consumers with outstanding debts, and those who are identified as being vulnerable; under relevant law and multiple regulatory instruments. All of this needs to be considered in the context of the harm the situation is causing Mr S.

I've considered all the information Mr S has provided our service about his health and vulnerabilities. This includes, but isn't limited to, the documentary evidence by way of information from doctors and a Debt and Mental Health Evidence Form; as well as Mr S' testimony set out in multiple emails and many phone calls Mr S has had with our service, which I've listened to. I don't doubt the significant impact Nationwide's actions have had, and continue to have, on Mr S. And I consider it's clear this situation has had a greater impact on Mr S than it likely would on the average consumer, because of his multiple diagnosed conditions. I would also set out to Mr S that while I don't want to document some of the

impact this complaint is having on him within this decision, I do acknowledge I've heard it, and I'm sorry to hear this is the case.

I consider there is a high level of harm to Mr S as a result of Nationwide's actions. Nationwide continuing in its position that it requires income and expenditure details, as well as report the loans as I've set out above, has already caused Mr S considerable harm which was, and continues to be, foreseeable to it. Nationwide doesn't appear to be reasonably taking into account what it knows about Mr S' health and vulnerabilities, which it is required to do. I'd also take this opportunity to remind Nationwide that its obligation to treat vulnerable consumers fairly is overarching, and should take priority rather than be in conflict with any other actions it considers reasonably necessary.

So, in the individual circumstances of this complaint, I don't think Nationwide should continue to pursue Mr S for income and expenditure details.

Mr S has said he feels the redress that had been set out by our investigator should be reconsidered, given the time that's passed and that Nationwide has continued in its position on the complaint.

I acknowledge Mr S' position here, and his strength of feeling on this matter. However, I would set out that Nationwide is entitled to its position on a complaint; and it is entitled to, as Mr S would be too had he disagreed with our investigator's view, to have the complaint decided by an ombudsman.

Taking into account the details of the complaint, I consider the £500 recommended within our investigator's view is a reasonable level of compensation. I say this because I consider Nationwide has failed to appropriately react and take account of Mr S' individual circumstances; which has led to ongoing and foreseeable harm, and has had a greater impact on Mr S given his diagnosed conditions.

While I accept this is subjective, I must decide on a value of compensatory payment and for the reasons set out above I consider this level to be fair.

It therefore follows that in the individual details of this case I consider Nationwide needs to take further action to bring this complaint to a fair resolution.

### **Putting things right**

To fairly resolve this complaint Nationwide should:

- Remove all adverse information reported to CRAs about these loans.
- Apply the monthly payments Mr S makes to the outstanding debt; which should consist solely of the original capital lent minus all repayments Mr S has made to date.
- Ensure no further adverse information is reported to CRAs while Mr S repays the outstanding debts.
- Ensure the accounts aren't recorded as being in arrears while Mr S continues to repay the outstanding debts; and that no communication about arrears is produced or sent to Mr S, including NOSIA and default letters.
- Stop recording monthly interest being added to the outstanding debts.
- Pay Mr S £500 for the impact of its actions.

If Nationwide's systems don't reasonably provide for this direction to be followed, then it will need to ensure it takes steps that in effect at least meet this direction, which could include it deciding to write off the debts, while ensuring no adverse information is reported to CRAs.

I don't make this decision and redress direction lightly. But I have taken into consideration all of the information and evidence available to me, and what I consider to be fair and reasonable in the individual details of this complaint. As I've set out above this includes reasonably applying significant weight on the harm already experienced by Mr S because of this situation, and the foreseeable harm that this ongoing situation will cause Mr S.

### **My final decision**

For the reasons set out above I uphold this complaint and direct Nationwide Building Society to take the above action in resolution of Mr S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 December 2025.

Richard Turner  
**Ombudsman**