

The complaint

Mr B complains that Nationwide Building Society blocked his account whilst there was still an outstanding overdraft balance and didn't give him suitable options for him to repay the overdraft.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr B had a Flex account and Flex Plus account with Nationwide. Mr B's Flex Plus account had an agreed overdraft.

In March 2024, Mr B's account balance was overdrawn by just over £8,000. Nationwide reviewed Mr B's accounts and wrote to him asking him to make a payment to bring his account balance back within his agreed overdraft limit. Between April and August 2024, Mr B continued to use his account and his overdrawn balance fluctuated below and over his agreed limit.

Following its review Nationwide decided to close Mr B's accounts. However, due to Mr B's overdrawn balance, Nationwide couldn't close Mr B's Flex Plus account. So, it placed a block on the account which allowed credits to be made into the account so that Mr B could repay what he owed.

Nationwide wrote to Mr B and called him to arrange repayment. Mr B agreed to repay £142 each month and then said he could pay £310 each month to clear the balance. However, Mr B failed to keep to the arrangement.

When Nationwide wrote to Mr B the letters set out that Mr B had various options he could use to make payments towards his overdraft. These were making an online payment or setting up a Standing Order; making a payment over the phone; paying in cash or a cheque at a local branch; or sending a cheque through the post to Nationwide. The letter also set out details of the account information for Mr B to use.

Mr B complained to Nationwide. He said he didn't want to waste his time by making a phone call to Nationwide each month to clear his overdraft. And he couldn't visit a branch. He said Nationwide should reopen his account so that he could make transfers into the account or visit him at his address to collect cash from him.

In response, Nationwide said it hadn't done anything wrong when it blocked Mr B's account and asked him to repay his overdraft. Nationwide said it had offered Mr B several options for making repayments which were in line with its processes. Nationwide said it tried to agree a repayment plan with Mr B but he didn't keep to the plans. So it made the decision in line with the account terms and conditions to ask for the overdraft's to be repaid. It also says it accurately reported the account position to the Credit Reference Agencies (CRA's).

Mr B remained unhappy and referred his complaint to this service. Mr B said he should be allowed to set up a direct debit to repay his overdraft. And he doesn't want to have to take the time to call each month and make a payment.

The investigator looked at Nationwide's records and thought it had clearly told Mr B how he could make repayments to clear his overdraft. The investigator explained that Nationwide were unable to visit Mr B's home to collect payments and thought the options it had provided were reasonable. So, they didn't uphold Mr B's complaint.

Mr B didn't accept that view. In summary he said:

- He did not receive any letters offering the option to pay via standing order. The only method he was offered was to call in each month to make a payment, which he found unreasonable and impractical.
- He would have been very happy to set up a standing order or make payments online. But he was never offered these options.
- Had he been given clear details of a bank account to pay into, he would have paid without hesitation.
- He is willing to make payment by transfer or standing order, but this was never presented to him as an option in any of the conversations he had with Nationwide.

As no agreement could be reached the matter has come 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.

Mr B has made a number of points to this service, and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

The key issue I need to decide here is whether Nationwide has treated Mr B fairly in respect of a debt that appears to have resulted from use of his Flex Plus current account. Mr B had an overdraft debt of just over £5,000 that he needed to pay back.

In deciding what's fair and reasonable here I've taken into account guidance issued by the Information Commissioner's Office (ICO) which says when a consumer is at least three months behind with their payments then a default notice may be registered. And it would expect the default to be registered by the time the consumer is six months behind with their payments. I've also taken into account relevant rules and guidance that are contained in The Financial Conduct Authority's Consumer Credit Sourcebook, (CONC), which sets out that firms should treat consumers in default or in financial difficulties with forbearance which would include such things as accepting token payments for a reasonable period of time, waiving or cancelling any further interest or charges.

Mr B has said that Nationwide didn't tell him he could make payments towards his overdraft online or via standing order. I disagree. I say this because I have seen copies of letters that Nationwide sent to Mr B's home address in March, April and September 2024 which clearly set out Mr B could make repayments via standing order and online. The letters also told Mr B that he could make payments over the phone, by visiting a branch and sending a cheque in the post. I've not seen any evidence that Mr B had any problems with his post, so I think it's more likely than not he received these letters.

I have also looked through Nationwide contact records, which includes looking at conversations Mr B had with Nationwide over the phone. Having done so, I can see Nationwide repeated the options available to him to make his repayments. So, when I weigh everything up I am satisfied that Nationwide clearly told Mr B how he could make his repayments.

I can see that Nationwide entered into two arrangements to pay with Mr B. But he failed to keep to these. So, I'm satisfied overall, that Nationwide acted positively and sympathetically towards Mr B and his position in trying to arrange repayment of his overdraft.

I'm also satisfied that in line with the account terms and conditions Nationwide was entitled to ask Mr B to repay the overdraft on demand when Mr B failed to keep to the arrangements to pay. I think by that stage Nationwide fairly concluded that there was no real prospect of Mr B keeping to the terms of any repayment plan.

Banks and building societies should treat customers in financial difficulties positively and sympathetically and I'm satisfied Nationwide acted in such a way here by trying to agree an arrangement to pay. Based on the evidence I've seen I can't see that Mr B was prepared to meet Nationwide halfway and keep to Nationwide's suggestion of a repayment plan which may have made things a bit easier for Mr B to manage financially.

I appreciate that Mr B says that Nationwide should not have registered a default on his credit file. But I think Nationwide is under a duty to accurately report the position of its customer's accounts to the CRA's. I think that the relationship between Nationwide and Mr B had broken down and that Mr B had a reasonable period of time to either bring the balance of the overdraft down or agree to a repayment plan. As neither of those happened I don't think Nationwide made a mistake by defaulting the account and reporting that to the CRA's.

I understand that Mr B's main complaint is that Nationwide haven't offered him options that he finds suitable to repay his overdraft. But I want to make it clear that I am satisfied Nationwide has offered Mr B several options which I don't find unreasonable and which are also in line with their processes. I haven't seen any evidence that Mr B has any health conditions, or that there is anything about his circumstances that would lead me to conclude he is unable to make repayments by any of the options offered by Nationwide. Based, on the evidence it seems to me that Mr B simply doesn't wish to do so. I also don't find it reasonable for Mr B to expect Nationwide to visit Mr B's home to collect his repayments.

Overall, I'm satisfied that Nationwide tried on a number of occasions to help and support Mr B and so, I can't fairly ask it to do anything further in the circumstances of this complaint. I do note that Mr B has said he wants to repay what he owes Nationwide. So, Mr B may wish to give them a call to see if they can come to an agreement on a new arrangement based on his current situation. But it follows I don't require Nationwide to do anything further.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 March 2026.

Sharon Kerrison
Ombudsman