

The complaint

Miss F complains that Nationwide Building Society lent to her irresponsibly.

What happened

Miss F has had a current account with Nationwide for several years. An overdraft was added to the account and later increased as follows:

Date	Credit limit Increase / decrease (CLI/CLD)	New Limit
February 2020	CLI1	£100
March 2020	CLI2	£250
October 2022	CLI3	£1,000
February 2023	CLI4	£2,000
February 2024	CLD1	£1,000
April 2024	CLI5	£2,000

On 18 June 2024, Miss F complained to Nationwide. She said *“over the past 6 months I have relapsed into gambling addiction...as a result I have borrowed and lost a considerable amount of money including an increased overdraft”*. She said at no point did Nationwide take any steps to help her, and it shouldn't have increased her limit in April 2024. To resolve her complaint, Miss F said the amount owing under the overdraft should be cancelled.

Nationwide looked into Miss F's complaint and issued a final response letter. It agreed that it had been wrong to increase her limit in April 2024 as her account performance had changed, and the volume of gambling transactions should have raised concerns at the time of her application.

Nationwide refunded or cancelled the charges and interest Miss F paid on her overdraft from the date of the increase in April 2024 to the end of August 2024. It offered to work with Miss F to repay the remaining balance on the account of approximately £1,980.

Miss F didn't accept Nationwide's response, so she referred her complaint to our service. One of our investigators looked into it and said Nationwide had made fair decisions to lend to her until the increase in April 2024. He went on to say that he felt Nationwide's offer was a reasonable way to resolve the complaint.

Miss F didn't agree with our investigator. She said while she *“was happy Nationwide upheld my complaint it was more the way they agreed for it to be rectified was my issue rather than any historical lending.”* As there was no agreement, the complaint has been passed to me for a 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've reached a different conclusion from that of our investigator about how it should be put right, so I issued a provisional decision saying:

"Miss F has said that her complaint isn't so much about the lending decisions prior to April 2024, as the way in which Nationwide has proposed to rectify the situation. And in her complaint form which she sent when she referred her complaint to our service, Miss F was very clear that her complaint related to a six-month period from the start of 2024 when she relapsed into a gambling addiction. For this reason, I've focussed my decision on the circumstances in that time frame rather than the relatively historic lending decisions.

For its part, Nationwide has agreed it shouldn't have increased her limit in April 2024 due to the volume of gambling transactions that were evident.

I've looked closely at Miss F's statement for the account from May 2023 to August 2024. I can see that from May 2023 to 9 January 2024, the account ran in credit except for five days from 1-5 July 2023 when Miss F bought £500 on Premium Bonds, and left her account overdrawn by £450 or so. This was corrected when her salary of £2,569 was received on 6 July 2023. There were no signs of problem gambling at that point, though I note a regular direct debit to the postcode lottery and a few small prize draw payments.

Between 9 January and 6 February 2024 however, Miss F made a series of payments to several gambling websites totalling over £14,000. In this time, her account went as much as £1,986 overdrawn.

At that point, it seems that Miss F was able to curb her habit – or gambled through other accounts - and reduced her overdraft limit to £1,000 after transferring funds from elsewhere. She ran her account in credit with no gambling transactions that I've noted, until gambling re-appeared on 29 April 2024. There were 20 transactions on that day to the same gambling website totalling £1,980. As we know, Miss F applied to increase her overdraft back to £2,000 that month too. Several gambling transactions also took place after this date.

On 22 May 2024, Nationwide agreed a loan for £20,000 for Miss F. It was used to make payments to her various credit cards - including one with Nationwide – totalling around £15,000. The remainder was left on her current account, repaying the overdraft which had peaked at around £950.

It was evident at this time that Miss F was experiencing difficulty with gambling – indeed Nationwide itself has said it ought to have noted the change in behaviour when it increased her overdraft in April 2024. Following agreement of the loan on 22 May 2024, Miss F's overdraft limit was left at £2,000, and within a week, her account was overdrawn by £1,820 as a result of further gambling transactions. So she'd used the remainder of the loan money as well as almost her entire overdraft for gambling within a week.

It appears from Miss F's statements and from what she's said, that she has managed to stop gambling. As we know, she complained to Nationwide in June 2024. In response to the complaint, Nationwide agreed to refund some charges and interest which left Miss F with an overdraft of £1,980 to repay.

I don't think Nationwide's response to the complaint goes far enough. It has told us it ought to have noticed Miss F was having trouble with her account from April 2024 and I agree. So when it agreed the loan for her (which is subject of another complaint) I think it ought to have removed her overdraft. Had it done so, Miss F wouldn't have been able to gamble so much as she did, and she wouldn't be left with the overdraft to repay.

Ordinarily in cases where a customer has spent money on an overdraft, we say it's

reasonable for the consumer to repay what they have borrowed as they have had the benefit of the funds. But in this instance, I can't see that Miss F has received any benefit from the money she borrowed – rather it caused further harm by allowing her to continue to gamble using the building society's money. And Nationwide could have prevented that spending by removing her overdraft when it agreed the loan.

So to put things right, I think Nationwide should:

- *write off the sum of £1,980 – the amount of money it said Miss F owed after it made the refunds to her account; and*
- *refund any further interest and charges she's incurred since April 2024 to date.*
- *If any adverse information has been passed to credit reference agencies about this overdraft, Nationwide should arrange for it to be removed."*

Miss F accepted my provisional decision but explained she has now repaid the overdraft in full. Nationwide asked for an extension to the deadline I set for responses to my provisional decision and was given more time. The new deadline has now passed with no response.

The rules that govern our service are set out in the Handbook of the Financial Conduct Authority, specifically the Dispute Resolution section (DISP). DISP 3.5.14 says:

"If a respondent fails to comply with a time limit, the Ombudsman may:

(1) proceed with consideration of the complaint;"

So I've continued with my consideration of the complaint in the absence of a response from Nationwide.

I've thought about how Miss F's repayment of the overdraft affects the outcome here. As I don't think Nationwide should have lent the money it did which left her with the £1,980 debt, it follows that I don't think she should have had to pay that, or charges and interest applied to it from April 2024. Therefore, Nationwide should refund that amount to her. Because she's not had use of the money she used to repay the overdraft plus any further charges and interest, I think Nationwide should pay her interest on the award.

Putting things right

In order to resolve this complaint, Nationwide should:

- refund £1,980 – the amount of money it said Miss F owed after it made the refunds to her account which she has since repaid;
- refund any further interest and charges she's incurred since April 2024 to date.
- add interest at 8% simple per year to the repayments she's made and the refund of any charges and interest she's paid since, from the date of the payment to the date of the settlement.*
- if any adverse information has been passed to credit reference agencies about this overdraft, Nationwide should remove it.

*If Nationwide considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss F how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold this complaint. Nationwide Building Society should put matters right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 24 September 2025.

Richard Hale
Ombudsman