

## The complaint

Mr and Mrs W complain that Nationwide Building Society (Nationwide) was irresponsible in granting them a personal current account overdraft, as it was unaffordable for them. Mr and Mrs W also complain that their relationship with Nationwide was unfair as they were allowed to rely on high-cost debt, and this had an ongoing impact on their finances.

## What happened

Mr and Mrs W held a personal current account with Nationwide for several years. In May 2019, Mr and Mrs W applied for – and Nationwide granted – a personal current account overdraft facility of £5,000. The credit limit of the overdraft has remained the same.

In 2024, Mr and Mrs W complained – via a personal representative – that Nationwide had been irresponsible in granting the overdraft facility, and in allowing them to rely on high-cost debt.

In its final response, Nationwide said it thought it had acted fairly and reasonably. Mr and Mrs W weren't happy with Nationwide's final response, and referred the complaint to our service.

One of our Investigators considered Mr and Mrs W's complaint. In summary, he thought that Nationwide should have stepped in from May 2020 (around a year after the overdraft facility was granted) as Mr and Mrs W had used the overdraft facility heavily throughout that time. To resolve things, our Investigator recommended that Nationwide refund interest, fees and charges applied to the account from May 2020 onwards.

Mr and Mrs W accepted the Investigator's opinion. Nationwide disagreed. In summary, it said that although Mr and Mrs W regularly used their overdraft facility, they have consistent levels of non-essential spending on the account and it didn't appear Mr and Mrs W were relying on the overdraft facility for everyday expenditure. Nationwide also said that Mr W had previously told it that he and Mrs W weren't in financial difficulties. Nationwide also raised concerns that Mr and Mrs W hadn't provided the correct authority to refer the complaint to our service, but ultimately accepted that they had.

I issued a provisional decision. In summary, I said I thought Nationwide had acted responsibly in granting the overdraft facility. I said that I thought Nationwide had taken reasonable steps to contact Mr and Mrs W about their usage of the overdraft facility, and I didn't think there were significant signs of financial difficulties that warranted Nationwide taking any further action.

Nationwide accepted my provisional decision. Mr and Mrs W's representatives disagreed, so the case comes to me for final 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.

I issued a provisional decision, in which I said:

*"Firstly, I'm satisfied that our service has received the relevant authority from Mr and Mrs W to consider their complaint.*

*I've considered the relevant rules and guidance on responsible lending set by the FCA, laid out in the consumer credit handbook (CONC). In summary, these say that before Nationwide granted the overdraft, and prior to each credit limit increase, it needed to complete reasonable and proportionate checks to satisfy itself that Mr and Mrs W would be able to repay the debt in a sustainable way, without borrowing further elsewhere. As this was an open-ended account Nationwide needed to consider whether Mr and Mrs W would be able to repay the debt within a reasonable period. It also had a duty to review the account regularly to ensure the overdraft continued to be affordable for Mr and Mrs W.*

### **Granting of the overdraft facility in 2019**

*In May 2019, Nationwide granted Mr and Mrs W a personal current account overdraft facility of £5,000. As I've explained above, prior to granting the overdraft, Nationwide needed to conduct proportionate checks to satisfy itself that the limit would be sustainably affordable for Mr and Mrs W.*

*Nationwide hasn't provided us with details of the checks it carried out at the time. It has provided us with a summary of Mr and Mrs W's income and expenditure in the three months prior to the application, though it appears this was carried out following the complaint.*

*Nationwide found that Mr and Mrs W had an average monthly income of around £2,280, comprised of pension and rental income. It found that their payments to existing credit commitments averaged around £110, and their essential expenditure (on their mortgage, utilities etc) averaged around £800. So, Nationwide found their disposable income was around £1,370.*

*As Nationwide hasn't provided us with details of the checks it conducted prior to granting the personal current account overdraft facility, I can't reasonably conclude they were proportionate. That said, had Nationwide conducted proportionate checks, I think it's likely it would have found that the credit limit of £5,000 was sustainably affordable for Mr and Mrs W, given their level of disposable income.*

### **Ongoing use of the overdraft facility**

*As I've explained above, Nationwide also had a duty to regularly review the overdraft facility, to ensure it continued to lend responsibly to Mr and Mrs W.*

*Nationwide has provided screen shots showing it reviewed the overdraft facility every six months. The screen shots show that the overdraft facility met Nationwide's credit risk assessment and was approved for renewal on each occasion, though it doesn't show what information Nationwide considered to make that judgment.*

*The statements show that Mr and Mrs W were using the overdraft frequently – almost continuously – from May 2019 until May 2022. From May 2022 onwards, Mr and Mrs W's income increased as they started receiving a further monthly payment of at least £3,500.*

*Mr and Mrs W continued to utilise the overdraft facility, but the account would also typically see a credit balance each month.*

*The statements show a mix of essential and discretionary spending. I can't see significant signs of financial stress, such as returned payments, going over the credit limit multiple times or by a significant amount, or use of short-term lending. That said, it appears Mr and Mrs W took out a loan to consolidate some of their debts in November 2021 and also had withdrawn the majority of their savings held with Nationwide by that time. Although Mr and Mrs W continued to transfer funds to their savings account, they typically returned those funds to their current account within the month.*

*Nationwide sent Mr and Mrs W letters about their overdraft use periodically from March 2021 onwards. In summary, these letters highlighted that Mr and Mrs W were paying a significant amount in interest, and invited them to contact Nationwide to discuss their options.*

*Mr W called Nationwide following receipt of the first letter in March 2021. Nationwide has provided our service with a summary of the call. It records that Mr W said that he knew he and Mrs W would have the overdraft for a good period of time, and he intended to start to pay off the overdraft in 2022 once they had reduced their credit card debt. It also records that Mr W said he intended to sell a property in 2022, and that he was aware of the monthly interest costs of retaining the overdraft facility.*

*It appears Mr and Mrs W's plans changed. But, as I outlined above, their financial circumstances also changed in May 2022 when they started receiving further income. And, throughout the period they've held the overdraft facility, the statements show a mix of essential and non-essential expenditure. So, I think Mr and Mrs W could have used some of the funds from their non-essential expenditure to reduce their overdraft facility over time – if they wished.*

*I think it was reasonable that Nationwide contacted Mr and Mrs W about their overdraft usage. Given Mr and Mrs W were using the overdraft facility heavily from May 2019, I think Nationwide should have written to Mr and Mrs W sooner. But, if it had, I think it's likely Mr W would have given a similar explanation of his plans. And as Mr W had given that explanation, I think it's reasonable that Nationwide didn't take any further steps prior to 2022.*

*And, as I can't see there were signs of financial stress, I don't think Mr and Mrs W's use of the account warranted that Nationwide take any further steps in this instance.*

*I've also considered whether the relationship might have been unfair under s140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Nationwide lent irresponsibly to Mr and Mrs W or otherwise treated them unfairly under the scope of this complaint. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.*

*Although I think Nationwide has treated Mr and Mrs W fairly in the scope of this complaint, I would like to remind it that it should continue to do so. If Mr and Mrs W are experiencing financial difficulties, or if they would like to reduce the credit limit of their overdraft in a way that's affordable for them, they should contact Nationwide to discuss their options."*

I've read and considered the full file again, as well as considering the comments made by Mr and Mrs W's representatives.

Mr and Mrs W's representatives have provided Ombudsmen's decisions upholding cases they think are similar to Mr and Mrs W's. As Mr and Mrs W's representatives will be aware, our service considered each case on its own facts and merits.

Mr and Mrs W's representatives also cited CONC 5D.3.2 as reason that Nationwide should have taken further action when Mr and Mrs W didn't respond to its letters about their usage of their overdraft facility. But CONC 5D.3.2 applies where:

*“a firm identifies that a customer:*

*(a) has a pattern of repeat use within the meaning of CONC 5D.2.1R(2)(a); and  
(b) is one in respect of whom there are signs of actual or potential financial difficulties.”*

As I explained in my provisional decision, although I could see that Mr and Mrs W had a pattern of repeat use of their overdraft facility, I don't think they were showing any other signs of actual or potential financial difficulties. So, I don't think CONC 5D.3.2 applies in this instance. Instead, I think CONC 5D.3.1 applies. In summary, CONC 5D.3.1 says that where a consumer has a pattern of repeat use of their overdraft facility (but the firm doesn't consider they are showing actual or potential signs of financial difficulties), a firm should attempt to contact them – and continue to do so if the consumer doesn't respond.

Even if I thought CONC 5D.3.2 did apply in this case, Mr W had responded to Nationwide's first letter in 2021 explaining his plan was to retain the overdraft and sell a property in 2022. So I don't think it would have been reasonable for Nationwide to take further steps until after this time – by which point, Mr and Mrs W's financial circumstances had changed. By the end of 2022, they were receiving a further monthly income and using the overdraft less heavily. Nationwide continued to write to Mr and Mrs W periodically, which I think was reasonable in this instance. I don't think that, up until the date of complaint in 2024, Nationwide needed to take any further action.

For these reasons, my decision hasn't changed.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Ms W to accept or reject my decision before 15 October 2025.

Frances Young  
**Ombudsman**