

The complaint

Nationwide Building Society ('Nationwide') provided Miss D with an overdraft in July 2019 and went on to agree six limit increases between then and May 2023.

Miss D says Nationwide shouldn't have agreed provide the overdraft facility.

What happened

The overdraft went from being a student overdraft to a graduate overdraft in September 2022, although Miss D says she didn't graduate until around a year later.

I think the key details of this complaint are well-known to both parties, so I won't repeat them again here. As the facts aren't in dispute, I'll focus on giving the reasons for my 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.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account in deciding Miss D's case.

I've decided that Nationwide acted fairly because:

- I think the checks Nationwide used when agreeing to the student overdraft and the increases that followed were reasonable and proportionate, given the overdraft limit being granted and what it already knew about Miss D's financial situation. I've seen that Nationwide took steps to make Miss D aware of the terms and conditions for the student account. And I'm satisfied that Nationwide took steps to tell Miss D when her account was about to be switched to a graduate account.
- Similarly, I think Nationwide's checks were reasonable and proportionate for the graduate account. I also don't think Nationwide was at fault when it converted the account to graduate status whilst Miss D was still a student, given that she was required to inform them of any changes to the length or status of her studies.
- I also think the checks Nationwide used were enough to monitor and review Miss D's overdraft usage during this time. I've kept in mind that Miss D wasn't paying any fees or interest for the overdraft as long as she kept to the account conditions.
- I've seen that Miss D started having difficulty in meeting the account terms soon after the account was changed to a graduate status. By September 2023 her situation had worsened, leading to a default notice in January 2024. I see that Nationwide agreed to a payment arrangement soon after that which unfortunately Miss D was unable to keep to. A further default notice was issued in August 2024 because she remained unable to meet the account requirements.

- Nationwide wrote to Miss D on several occasions in 2023 and 2024 so that she was made aware of how she was using her overdraft and that she needed to reduce it to keep within the account terms, including offering her support. When Miss D spoke to a Nationwide representative in September 2024 with a view to reverting to a student account once more, she was told – correctly, based on what I’ve seen – that it was unlikely she would no longer be able to apply once again for a student account with an interest free overdraft.

This all means I don’t think Nationwide acted unfairly, either when it provided Miss D with the overdraft and the increases that followed, or in the way it monitored her use of it and provided help and support.

I’ve also thought carefully about what Miss D has said in response to our investigator’s finding. Whilst I’m grateful for this further information, it doesn’t cause me to change my finding. Therefore, as I’m in broad agreement with our investigator, I won’t be upholding this complaint.

I’ve also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I’ve already given, I don’t think Nationwide lent irresponsibly to Miss D or otherwise treated her unfairly. I haven’t seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I know this isn’t the outcome Miss D hoped for, and I realise she’ll be disappointed. But for the reasons above, I won’t be asking Nationwide to do anything to put things right.

My final decision

My final decision is that I’m not upholding Miss D’s complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss D to accept or reject my decision before 24 February 2026.

Michael Goldberg
Ombudsman