

The complaint

Miss G complains about Nationwide Building Society's handling of her current account and loan.

What happened

Miss G had a disputed loan with Nationwide for £25,000 which was taken out in November 2022. It required monthly repayments of £810.20. Nationwide looked into her dispute about the loan and refunded all interest due under it on 28 December 2022, leaving just the capital amount borrowed to be repaid. In the meantime, Miss G had complained to our service about the loan which she felt she shouldn't be liable for at all.

The payments for the loan were taken as normal in January, February and March 2023 amounting to £2,430.60. These payments were successful in reducing the loan balance, but left her current account in an overdrawn position. As she had then reached her overdraft limit of £2,500, later payments to the loan were unpaid, so arrears have built up on the loan.

Miss G hasn't paid into the current account for some time, so her account remains overdrawn. Nationwide has referred her current account and loan to debt collectors in an effort to recover the money from her.

In September 2024, Miss G raised a series of complaints with Nationwide which it dealt with together. Miss G complained that:

- The debts had been referred to more than one debt collection agency.
 - Nationwide knew the account is in dispute so should have suspended recovery action in line with regulations (CONC 7.3.18).
 - It is a breach of contract to refer the account to a third party without resolution of the ongoing dispute.
 - She said Nationwide hadn't properly communicated with her or assured her of the third party's legitimacy.
- Payments shouldn't have left her current account while the loan was in dispute.

Nationwide looked into Miss G's complaints and issued one final response letter. It said:

- It issued a default notice on her current account on 8 August 2024, and her account would be passed to a debt collection agency (DCA) after 5 September 2024 if it had not heard from her. The account was assigned to a DCA I'll refer to as 'A' on 19 September 2024.
- It issued a default notice on the loan account on 4 January 2024 with similar wording to the above and the account was passed to a DCA - I'll call it 'M' - on 22 February 2024. M had failed to get in touch with Miss G, so it returned the account to Nationwide on 20 August 2024, and it was subsequently passed to a different DCA – I'll call it 'O' – on 22 August 2024.
- Nationwide didn't agree that loan payments should not have been taken.

Nationwide didn't uphold the complaint.

Miss G was unhappy with Nationwide's response so she referred her complaint to our service. One of our investigator's looked into it.

- He said it hadn't been wrong for Nationwide to take the loan repayments it had. An ombudsman had decided it wasn't wrong for Nationwide to continue to pay and collect direct debits from her current account – which had been frozen - while her complaint about the loan was under investigation with our service.
- He said Nationwide's explanation of the involvement of the DCA's was clear and reasonable, and noted that it had written to Miss G a number of times before passing the debts on. He later clarified that there were two debts, each with a different DCA. The current account was with A and the loan was with O.
- He noted that Miss G's address had been updated in October 2024 – after the various correspondence about the debt had been sent by Nationwide. He didn't think Nationwide had acted incorrectly in passing the debts on to DCA's.

Our investigator didn't uphold the complaint.

Miss G didn't accept what our investigator said. She said in summary:

- It was a "mischaracterisation" to think of the two accounts as two different debts. The current account debt only exists because Nationwide had mishandled the loan and she is being pursued twice for the same root cause.
- Payments should not have been taken while the loan was in dispute. She says this is contrary to DISP 1.6.2R and the FCA Principles 6 and 7 – treating customers fairly and ensuring clear communications.
- Misuse of the ombudsman's decision in the loan complaint. She says he did not address payments for the loan, rather just those to her mortgage and other bills.
- Nationwide is benefitting by having the same debt with two different agencies.
- There are a number of potential regulatory and legal breaches in Nationwide's handling of this matter. I've not listed them all here.

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.

There is lots of detail in this complaint and Miss G has presented detailed submissions. I have read and considered everything she and Nationwide have said, but will restrict my decision to the crux of the complaint. I won't go into as much detail as she has which isn't intended to be a discourtesy, rather it reflects the informal nature of our service. I will focus my decision on her response to our investigator's opinion as she has carefully summarised the remaining points of dispute therein.

At the heart of this matter is that a loan was taken in November 2022 which Miss G feels she should not be held liable for. The loan monies were paid into her account with Nationwide and transferred to another account in her name with a different bank. The money was then transferred to what Miss G describes as a cryptocurrency scam through which she has lost a considerable amount of money.

She complained to Nationwide and - as I've said – it cleared the interest on 28 December 2022, but said she'd still be liable for the capital. She referred her complaint to our service

and ultimately, an ombudsman decided that was fair, but that decision wasn't issued until March 2024.

Miss G complains that Nationwide was wrong to take payments towards the loan while her complaint was unresolved with this service. She refers to regulations from the Consumer Credit Sourcebook (CONC) particularly CONC 7.3.18 which says, *"A firm must not threaten to commence court action, including an application for a charging order... in order to pressurise a customer in or approaching arrears or in default to pay more than they can reasonably afford"*.

I don't think collection of a direct debit for a loan is caught by the regulation Miss G cites. Indeed, I would expect Nationwide to attempt to collect payments under a loan agreement which it believes to be valid until or unless it is demonstrated that it is not.

Miss G has also cited the Dispute Resolution rules (DISP) which are contained in the Handbook of the Financial Conduct Authority, and the FCA principles 6 and 7. Again I don't think Nationwide is in breach of any of the rules and regulations she refers to by collecting the payments. DISP 1.6.2 refers to complaint handling rules and the timeframes within which Nationwide had to respond to her complaint. It does not as she has said prohibit *"a firm from pursuing collection activity on a disputed debt"*. And I don't think it has treated her unfairly by collecting the payments, and I think its letters were reasonably clear about the actions it was taking.

While she says she didn't receive the letters, they were sent to the address Nationwide held for those accounts at the time. Furthermore, I'm confident she ought reasonably to have been aware the loan was due and payable and that payments were not being made, and that her current account with Nationwide would be overdrawn.

I accept what Miss G has said about the mischaracterisation of the previous ombudsman's decision about the payments made from her account while it was frozen. The complaint related to steps Nationwide had taken to restrict the use of her current account while the loan was investigated.

The decision said *"Miss G also mentioned that she received no support for her direct debits including her mortgage payments whilst the account was blocked. But I can see that Nationwide continued to process the direct debits, even though Miss G was unable to access her accounts. As such, I don't think this caused any additional issues for Miss G who arguably would have ended up in a worse position had the direct debits been declined or stopped."*

So, the ombudsman didn't specifically mention the loan payments, but he did refer to direct debits in general. The loan payments were collected by direct debit. In any event, I don't think the collection of payments for the loan was incorrect or unfair of Nationwide. It had delivered its response to Miss G's complaint about the loan and said it held her liable for the capital amount. It follows that it would collect payments to it via the method agreed at the outset.

Ultimately following the agreement of the loan – which Nationwide and this service has said she is liable to repay – Nationwide collected three payments from her current account. These have reduced the loan balance by the same amount while leaving a debt on the current account. So there were two debts – the loan and the overdraft on the current account. While I understand her point that the debts each stem from the same "root cause" – the loan – there are two different debts owed. I don't think it's wrong for Nationwide to have passed each to a DCA, and I don't think it is seeking to benefit from the same debt twice.

I note each of the regulatory and legal breaches Miss G feels Nationwide have committed. As I say, I've read and thought about each, but I don't intend to comment on them point by point. My role is to decide complaints on the basis of what I feel to be fair and reasonable in the circumstances.

I don't think Nationwide has treated Miss G unfairly by taking the payments for the loan from her current account or by referring the resulting debts to DCA's. I can see Nationwide has confirmed which DCA's are involved, and they have been in contact with her about the debts.

I appreciate my decision will come as a disappointment to Miss G. I acknowledge that she has been through a very difficult few years following the cryptocurrency scam to which she fell victim. But I don't think Nationwide has done anything wrong or treated her unfairly in the context of this complaint.

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 Miss G to accept or reject my decision before 4 November 2025.

Richard Hale
Ombudsman