

The complaint

Mr C complains that Nationwide Building Society irresponsibly reinstated his overdraft after his account should've been closed.

When I refer to what Mr C or Nationwide have said or done, it should also be taken to include things said or done on their behalf.

What happened

Mr C says he received a notification via his banking app, saying Nationwide had closed his account and demanded immediate payment of his overdraft balance. With reassurance the account had been closed and could no longer be used by Mr C, a family member arranged a loan for him to prevent the account from defaulting and aid his rehabilitation from his gambling addiction. However, Mr C says Nationwide reopened the account and reinstated his overdraft, allowing him to continue to use the account for gambling and accruing further debt and interest.

Mr C says Nationwide acted irresponsibly by reopening his account and reinstating a £2,000 overdraft limit, with the knowledge of his previous use of the account and without checking his credit file or employment details. Mr C also suffers severe ill health and notified Nationwide of this. To resolve matters, he asked that Nationwide write off the debt considering all his circumstances.

In its final response, Nationwide said closed accounts can't be reopened and Mr C's account had never been closed on its systems. It said the overdraft facility was increased between December 2018 and May 2019, at which point he met its lending criteria for borrowing.

Our Investigator reviewed matters and said Nationwide didn't close the account and hadn't done anything wrong by not doing so. They said Mr C had transferred funds out of the account on the same day the overdraft balance was paid – leaving an outstanding balance. Additionally, they weren't persuaded Nationwide told Mr C his account was closed.

Mr C didn't agree. As no agreement has been reached, the matter has been passed 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.

Firstly, I'd like to clarify I'll only be considering the complaint Mr C raised with Nationwide up to the point it issued its final response letter on 21 August 2024. Any complaints raised beyond this date are new issues that Nationwide must be given opportunity to address before this Service can get involved.

Additionally, Mr C has confirmed his complaint isn't about the historic lending decisions made on his account, including when his overdraft was initially granted or subsequent limit

increases. I therefore won't be addressing these lending decisions here. Mr C says his complaint relates solely to the reopening of his account and reinstatement of his overdraft limit in October 2022 – so this is what I've considered.

I'd like to thank Mr C for telling this Service about his personal challenges with his health and the impact this matter has had on him. I was very sorry to hear of the difficulties he's faced. I'd like to assure him I've read and taken into account all of the information provided by both parties, in reaching my decision. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. I say this because I'm aware I've summarised the complaint in less detail than Mr C, and in my own words. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a reasonable outcome is. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering what is fair and reasonable, I've taken into account the relevant industry rules and guidance, and what would be considered as good industry practice.

The crux of this complaint is that Mr C believes his account was closed in October 2022 and reopened after he settled the outstanding balance. He says Nationwide told him his account was closed via his banking app, and that payment needed to be made that day to settle the balance in full. He thinks Nationwide breached its terms and conditions by not sending him a notice of closure letter. And had he received a letter, he wouldn't have panicked and borrowed further money, as a third party would've supported him in discussing repayment options. He also believes had Nationwide followed the correct closure procedure, the account would've been closed and the overdraft would've been removed, preventing him from being able to use it for further spending.

Generally, overdrafts are designed for short-term borrowing and Nationwide are allowed to ask for immediate repayment of it as per the terms and conditions of the account. If the amount isn't repaid, Nationwide can default and close the account. However, this process would involve Nationwide providing adequate notice in writing to Mr C, giving him an opportunity to settle the balance prior to the account being defaulted and closed.

Having reviewed Nationwide's internal system notes, I haven't seen anything that shows Nationwide closed, or intended to close, Mr C's account in October 2022.

I've carefully considered the screenshot Mr C has provided of his banking app, which is dated 12 October 2022. This shows Mr C's account was overdrawn by £2,287.22 and includes red text by his account details which says: "*ATTENTION CLOSED...PAYMENT BY 15:30*". Nationwide say when an account is closed, it doesn't show on the app in this way.

The screenshot Mr C has provided is unusual and not something I'd generally expect to see in these circumstances. And as Nationwide has also confirmed this isn't information that is displayed on its app, I'm not persuaded this sufficiently evidences that Mr C's account was closed, or that he was pressured into making an immediate payment by a specific time on that day.

Nationwide wrote to Mr C in July, August and September 2022, letting him know the account had gone into an unarranged overdraft and inviting him to contact it to discuss his options if he was unable to make a payment at that time. The last letter sent prior to Mr C settling the account, dated September 2022, requested immediate payment to bring the account within the agreed limit. It didn't request payment of the full balance. But it did inform Mr C that if Nationwide didn't receive a payment or hear from him to agree to an arrangement, it may send him a default notice giving him 28 days to pay the full outstanding balance. So, I'm

satisfied Mr C was made reasonably aware that Nationwide wasn't looking to default the account and request full payment at that time, and what would happen if it did decide to do this. No further letters were sent to Mr C until December 2022, after he settled the balance and continued spending on his account – so he would've been reasonably aware he was not yet under notice to settle the account in full.

Additionally, I consider these letters provided Mr C with reasonable opportunity to arrange a repayment plan with the support of a third-party representative, as he says he would've done had he received notification of closure in writing.

Mr C's statements show that £2,289 was paid into the account on 13 October 2022, clearing the outstanding overdraft balance. However, on the same day, £2,000 was transferred back out of the account, leaving an overdrawn balance of £1,998.22. I'm therefore satisfied Mr C was aware the account hadn't been closed, as he continued to use it.

Mr C says he checked his account to make sure it was settled and closed but found it to remain open with a £2,000 overdraft limit – which led to him using the available funds for gambling transactions. While I sincerely empathise with Mr C's circumstances, for me to conclude Nationwide is responsible for the debt he accrued, I would first need to be satisfied that it had made an error that led to funds being available to him, that otherwise wouldn't have. But as I've explained, I haven't seen anything that shows Nationwide intended to close Mr C's account or had notified him that it would be. Neither have I seen anything that shows Mr C asked for his account to be closed.

Overall, having reviewed the available evidence, I haven't seen that Nationwide closed Mr C's account. So I don't find it failed to follow its own procedure when doing so, or that the account was reopened. I also haven't seen anything that shows the overdraft was, or should've been removed. Therefore, I can't say Nationwide irresponsibly reinstated the overdraft without carrying out adequate affordability checks. As I've found no evidence of an error made by Nationwide, I'm unable to reasonably conclude it's responsible Mr C's spending on the account – or that it should write off the outstanding balance. I know this will come as a significant disappointment to Mr C, but I won't be asking Nationwide to do anything further.

My final decision

For the reasons set out above, I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 25 February 2026.

Nicola Bastin
Ombudsman