

The complaint

Mr A complains that Nationwide Building Society unfairly defaulted his credit card and reported this status to credit reference agencies (CRAs).

What happened

Mr A held a credit card with Nationwide. In December 2024 Mr A made Nationwide aware he was going to be having surgery and that he wouldn't be able to maintain the contractual monthly payments to his credit card for a number of months.

In February 2025 Nationwide defaulted Mr A's credit card. Mr A says he became aware of this in March 2025 and complained to Nationwide.

Nationwide reviewed the details of Mr A's complaint and didn't uphold it. It said it had acted reasonably when defaulting Mr A's account and reporting it to CRAs, given the level of arrears that had accrued.

Unhappy with Nationwide's response Mr A referred his complaint to our service.

One of our investigators considered the details and upheld Mr A's complaint in part. Ultimately, he considered Nationwide had acted reasonably when defaulting the credit card and reporting its status to CRAs. However, it appeared Nationwide had continued to apply interest and charges after it defaulted the account, and it provided Mr A with incorrect and misleading information about the status of his account. So, our investigator recommended Nationwide refund the interest and charges applied since the account was defaulted in February 2025, and pay Mr A £150 for the incorrect and misleading information provided.

Nationwide accepted our investigator's view; Mr A didn't. He maintained his position that Nationwide hadn't acted fairly when defaulting his account, based on the information he'd made it aware of.

Mr A asked for an ombudsman's review, so the complaint 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.

The information in this case is well known to Mr A and Nationwide, so I don't intend to repeat it in detail here. Instead, I've focused my findings on what I consider to be the key points and relevant facts of the complaint. While my decision may not cover all the points or touch on all the information that's been provided, I'd like to assure both parties that I've carefully reviewed everything available to me. I don't mean to be discourteous to Mr A or Nationwide by taking this approach, but this simply reflects the informal nature of our service.

I've set out my findings below under separate headings for ease.

The defaulting of the credit card

Nationwide has said it acted reasonably when defaulting Mr A's credit card and reporting its status to CRAs. Mr A says he made Nationwide aware of a change to his personal circumstances, and that Nationwide's decision to default the account when it did was unreasonable. Mr A is looking for the default to be removed in resolution of his complaint.

I've carefully considered both parties submissions. Having done so, I consider Nationwide's actions in defaulting the account in February 2025 and reporting its status to CRAs to have been reasonable.

I say this because it's clear from the records I've seen that Mr A's payment record across 2024 was sporadic. There are instances of minimal contractual monthly payments not being met in full, or nil payments being made in some months; which resulted in Mr A's credit card being in arrears in seven of the 12 months. By December 2024 Mr A's account was reported as being two months in consecutive arrears and Nationwide issued a Default Notice.

This Default Notice set out that Mr A needed to clear the arrears balance by 28 January 2025, otherwise the account would be terminated, the full outstanding balance would become due, and a default would be reported to CRAs.

I acknowledge Mr A made Nationwide aware of a change in his personal circumstances in December 2024, where he told it he would struggle to meet his contractual monthly payments for a number of months. But informing Nationwide of this situation doesn't mean it needed to hold any arrears activity, or that it acted unreasonably by defaulting the account.

It appears Mr A was already experiencing financial difficulties throughout 2024, based on his payment history to this credit card, and the details he shared with Nationwide. The contact notes I've seen evidence conversations to this effect, and that Nationwide set out to Mr A that it could go through an income and expenditure assessment with him, to look to agree a suitable and affordable payment plan. It also made Mr A aware of other forbearance measures and support available to him. The notes I've seen suggest Mr A declined Nationwide's offers in each case, instead telling it that he would look to make his contractual payments. I've seen that Nationwide's representatives told Mr A the potential impact of missed payments to his credit file.

I don't consider it unreasonable, given the history of the account and the notices Nationwide issued Mr A, that it went on to default the account in February 2025 when the terms of the Default Notice weren't met. I've also considered that defaulting an account between three and six months of arrears is in line with the Information Commissioner's Office (ICO) published guidance on the '*Principles for the reporting of Arrears, Arrangements and Defaults at credit reference agencies*'.

Due to Nationwide's reporting of the account on its systems further arrears and interest accrued on the credit card after it was defaulted in February 2025. Nationwide has confirmed that all interest and charges applied to the credit card from February 2025 have been reversed. So, the financial loss of Nationwide's errors on Mr A's credit card have been rectified.

The level of customer service provided by Nationwide

I acknowledge Mr A was provided with incorrect and misleading information at times, and there were opportunities where Nationwide could have made the position of the account clearer.

I say this because during contact with Mr A in January 2025 it could have been made clear to that the arrears needing clearing, or the account would be processed in line with the Default Notice issued in December 2024. And in March 2025 Nationwide representatives indicated to Mr A that he would be able to prevent the account from defaulting if he cleared the arrears. I've already found that by the time of this call in March 2025 that Nationwide had, reasonably so, defaulted the account. So, the information Mr A was provided was incorrect, and his desired outcome to stop the account defaulting wasn't achievable.

Nationwide went on to send Mr A a Notice of Sums in Arrears (NOSIA) letter and a further Default Notice in March 2025, which it has acknowledged was incorrect. It appears Nationwide hadn't correctly updated the details of the credit card account on its systems, which led to these letters being issued.

In a situation like this where incorrect or misleading information is provided, the remedy isn't to put the consumer in the position of the incorrect information; but to consider the impact of the incorrect information.

In this case Mr A's account had already defaulted by the time of his phone call in March 2025; and he'd be sent a Default Notice in December 2024 to his registered address which set reasonably set out the required action and consequences that would take place by the end of January 2025. So, I consider Nationwide had reasonably made Mr A aware of the situation. However, had Nationwide provided correct information in March 2025 Mr A would have been aware of the correct position at an earlier event, and he wouldn't have therefore been given the false expectation that he could prevent the account from defaulting. Mr A also wouldn't have received further NOSIA and Default Notice letters if Nationwide had recorded details on its systems correctly, and these incorrect notices only proceeded to confuse the situation further.

I consider fair remedy in this situation is for a payment to be made to reflect the distress and inconvenience caused by way of the incorrect and misleading information.

Having carefully thought about what I consider to be a fair payment for the distress and inconvenience caused, I'm satisfied £150 is reasonable in the individual circumstances. I say this because:

- Mr A's credit card had been defaulted in February 2025, which I've found to have been a reasonable action, so there was nothing Mr A could have done after this time to change this.
- Mr A was incorrectly told his credit card had defaulted in August 2024 when this wasn't the case.
- During a phone call in March 2025 Mr A was told he could avoid the credit card defaulting if he made a payment to clear the arrears balance; however, the account had already defaulted.
- Mr A received further NOSIA and a Default Notice letters in March 2025 after the account had been defaulted, which only led to further confusion.
- The account continued to accrue arrears and debit interest after it had defaulted in February 2025.

I acknowledge my decision will likely be disappointed to Mr A; it's clear how strongly he believes Nationwide has acted unfairly by defaulting his credit card. I am sorry to hear of the

circumstances that appear, at least in part, to have led to this situation. As both Nationwide and our investigator have previously set out, Mr A may wish to add a *Notice of Correction* to his credit file for lenders to have sight of his reasons for the credit card being defaulted.

Putting things right

To fairly resolve this complaint, I direct Nationwide to pay Mr A £150 to reflect the distress and inconvenience caused by the incorrect and misleading information it provided.

My final decision

I uphold this complaint and direct Nationwide Building Society to take the above action in resolution of Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 17 December 2025.

Richard Turner
Ombudsman