

The complaint

Mr E complains that Nationwide Building Society irresponsibly gave him an overdraft and several overdraft limit increases that were unaffordable to him. He says it also failed to step in and support him when he was struggling to repay the overdraft.

What happened

In January 2019, Mr E opened a current account with Nationwide. He applied for an overdraft facility for the account and was given an overdraft limit of £200. The overdraft limit was increased later the same month to £300. In December 2019 it was increased to £350. In June 2020 it was reduced to £200. In October 2020 there were six incremental increases to the limit until it reached £2,000.

In 2024, Mr E complained to Nationwide to say the overdraft and limit increases had been unaffordable to him from the outset. He also said that by 2024 Nationwide ought to have seen he had been reliant on his overdraft facility for an extended period and was therefore in financial difficulties.

Nationwide didn't think it had acted unfairly in approving the overdraft or subsequent limit increases. It says its checks showed the borrowing was affordable to Mr E. It said there were no signs on his account usage over the years that his financial circumstances had changed. It said the account usage didn't indicate any signs of financial difficulties.

I sent Mr E and Nationwide my provisional decision on 28 November 2025. I explained why I didn't think the complaint should be upheld. I said:

Before granting Mr E an overdraft or increasing the limit, Nationwide were required to carry out checks to ensure the borrowing was likely to be affordable to him. There isn't a set list of checks Nationwide needed to complete each time. The regulator's rules and guidance in place at the time said that any checks Nationwide completed needed to be proportionate to the specific circumstances of each lending decision. In deciding what would be proportionate, Nationwide needed to take into account things such as (but not limited to): the type of credit, the size of the limit being provided, the cost of borrowing and Mr E's circumstances.

Account opening and the first limit increase

Nationwide says that at the time of account opening and the initial overdraft application, Mr E declared he was employed with an annual income of £61,000. It says he also declared monthly housing costs of £450. Nationwide says it completed a credit check although doesn't appear to have provided the results of those checks (the limited overview of its credit checks that it has supplied only begin from March 2019).

As I've not seen the results of the credit checks Nationwide completed for the account opening or the first limit increase (which happened a few weeks later), I can't be satisfied that its affordability checks were reasonable or proportionate. Further,

I haven't seen that it made any attempt to verify Mr E's declared income and while I accept the initial two limits it provided were relatively modest, Nationwide appeared to have simply no idea (from what it has so far provided) that Mr E could actually afford that level of borrowing.

Having said this, Mr E has provided us with evidence of his financial circumstances at the time by way of current account statements from other providers he banked with. Having reviewed these, I'm satisfied that had Nationwide carried out proportionate affordability checks for the first two overdraft lending decisions (such as verifying his income and asking Mr E more about his essential outgoings), it would most likely have concluded the limits were affordable to Mr E. It appears Mr E had sufficient disposable income to comfortably afford this additional borrowing after taking into account his existing essential living costs and credit commitments. I therefore don't think Nationwide made an unfair lending decision in relation to the first two overdraft limits it provided to Mr E.

Second limit increase

The second overdraft limit increase was in December 2019. The increase was relatively modest, at £50. However, Nationwide's credit checks showed that in the previous nine months, Mr E's unsecured credit commitments had tripled. He owed around £15,000 to other creditors at this time. I think given Mr E was seeking further lending this ought to have caused Nationwide some concern. I note Nationwide hasn't provided anything to demonstrate how it satisfied itself about what Mr E's income was at this time. Without this, I fail to see how it could reasonably conclude further lending was appropriate and affordable.

It follows that I don't think the affordability checks Nationwide completed were reasonable or proportionate. However, having reviewed the evidence Mr E has provided about his financial circumstances at this time, I'm not persuaded that more detailed checks would likely have revealed any affordability concerns. It appears from what I've seen that Mr E still had sufficient disposable income to sustainably service an overdraft facility of £350 from his regular income, after taking into account his essential living costs and other credit commitments. I therefore don't think Nationwide made an unfair lending decision when it increased the limit to £350.

The final six limit increases

Prior to the final six limits increases, which all happened over the course of one month, the overdraft limit had been reduced to £200 in June 2020 at Mr E's request. I think it is also relevant context to highlight that in this month, Nationwide's checks showed that Mr E halved his overall unsecured credit commitments from around £18,000 to around £9,000.

But despite this large decrease in external borrowing, for largely the same reasons I've given for the previous lending decisions, I'm not persuaded Nationwide's affordability checks were reasonable or proportionate for any of these increases. It hasn't shown it did anything to sufficiently establish what Mr E's income was or his committed living costs. And despite that relatively recent decrease in unsecured credit commitments, he had since borrowed more, albeit his credit commitments were around £12,000 at the time the overdraft limits were increased in October 2020.

For further context, Mr E held two other current accounts at this time with two different lenders. He also had overdraft facilities on both. From what I've seen he was regularly utilising one of those overdrafts, but not the other. I think it's likely

Nationwide's credit checks would have shown this.

However, from what I've seen of Mr E's account activity across all three current accounts at this time, it appears he did have sufficient disposable income to sustainably service these overdraft facilities from his available income. This is after taking into account his essential living costs and other credit commitments. It appears, as Nationwide has pointed out, that Mr E's overdraft use at this time was not because he was in financial difficulty but because he was carrying out substantial amounts of non-essential spending.

This means that had Nationwide carried out proportionate affordability checks, such as verifying Mr E's income and asking him about his essential living costs and credit commitments, I'm persuaded that it would have shown Mr E had sufficient disposable income to sustainably repay an overdraft facility of £2,000 with Nationwide. I therefore don't think Nationwide made an unfair lending decision when it increased his overdraft limit to £2,000.

Financial difficulties

It appears that very shortly after the limit increase to £2,000, Mr E's unsecured credit commitments began to increase quickly. He also started to borrow heavily on one of his other overdrafts with another provider. By the anniversary of the final limit increase Mr E owed around £22,000 in unsecured credit and in the previous six months had demonstrated poor management of the Nationwide overdraft facility. He had regularly exceeded the agreed overdraft limit of £2,000 (albeit by a small amount and he did bring it back under the limit quickly each time) and in the remaining time over the previous 12 months had been close to the agreed limit.

I think this account conduct ought to have concerned Nationwide about Mr E's ability to manage the overdraft facility and should have highlighted the possibility that he might be struggling financially, especially given the rapid and significant increase in unsecured borrowing elsewhere.

This pattern of account management continued right up to and including when Mr E made his complaint to Nationwide in 2024.

I note Nationwide was writing to Mr E regularly about the overdraft use and asking Mr E to reach out for assistance if he required it. But, I don't think it was sufficient for Nationwide to keep writing to Mr E and not take any other proactive steps when he wasn't responding. This is because Mr E's overdraft use wasn't changing. I think Nationwide could and should have done more to reach out to Mr E.

However, even if it had done so, and had Mr E engaged with Nationwide's attempts to contact him, I'm not persuaded this would have resulted in Mr E being in any different position to what he is in now.

I think it's relevant to highlight that this was not Mr E's main current account. By this I mean that his income was not paid into it, nor was his regular living expenditure going out of it (except for a handful of regular direct debits). Mr E appeared to credit the current account with broadly the right amount each month to cover outgoing direct debits towards two credit cards, a mobile phone contract and a gym membership as well as some occasional non-essential spending.

While Mr E was utilising the overdraft consistently, it appears to me from everything else I've seen that had Nationwide, for example, sought to establish Mr E's income

and expenditure at any time, it would most likely have concluded that Mr E could afford to begin repaying the overdraft debt in a reasonable period of time. While he was overdrawn across all three of his current accounts from around 2021 onwards, this appears to be due to his non-essential expenditure, not because he didn't have enough income to be able to afford his essential outgoings and credit commitments.

Although Mr E's continued overdraft use might appear concerning, I've not seen anything to persuade me that earlier or different intervention by Nationwide would have led it to conclude that Mr E couldn't afford the facility or be able to pay it back in a reasonable period of time if he chose to.

But even if I'm wrong and Nationwide ought to have done more, I'm not persuaded that it would be fair and reasonable in the circumstances of this specific case to make any direction or award.

I say this because I'm aware that Mr E has raised complaints concerning his overdrafts with the other two providers (as well as complaints about other lending taken out in 2021 and beyond). I note he has referred to the fact that both of his other current account providers have agreed to refund interest and charges on those overdrafts, and he feels this indicates Nationwide should do the same.

However, I think this actually supports the opposite to be fair and reasonable. From what I've seen Mr E clearly could afford much of his unsecured borrowing. And had he not been granted the overdrafts by his other two current account providers (which is the effect of the redress he's received from them), this would only ever have made his Nationwide overdraft facility more affordable as he would have had less overall borrowing. I don't accept that it would be fair and reasonable to say Mr E could never have sustainably afforded all three of his overdraft facilities.

For all these reasons, I'm not persuaded that Nationwide has caused Mr E any loss in the way it granted him an overdraft facility or the way it has managed and monitored his account since. I therefore don't think Nationwide needs to do anything to put things right.

In reaching my conclusions, I've also considered whether the lending relationship between Nationwide and Mr E might have been unfair to Mr E under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Nationwide irresponsibly lent to Mr E or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Neither Mr E nor Nationwide responded to my provisional decision with any further comments or evidence.

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.

As neither party has provided any further comments or evidence in response to my provisional decision, I've not seen any reason to reach a different outcome.

I'm therefore satisfied that Nationwide didn't act unfairly when lending to Mr E. While I think

Nationwide should have done more to reach out to Mr E in relation to his overdraft usage after the lending decisions were made, I'm not persuaded that failure has caused Mr E any loss for the reasons I set out in my provisional decision. I don't think Nationwide needs to do anything to put things right.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 12 January 2026.

Tero Hiltunen
Ombudsman