

The complaint

Mrs R has complained about Nationwide Building Society's ("Nationwide") handling of her request to cancel a current account switch.

Mrs R says this resulted in her credit score being badly affected, which in turn led to her being charged extra interest for outstanding balances on credit cards with other providers.

What happened

Mrs R applied to switch her current account to Nationwide. However, shortly after doing this, Mrs R changed her mind and contacted Nationwide to cancel the switch. Nationwide confirmed that the switch had been cancelled, and later confirmed that the account was still open.

Following this, monthly account fees made Mrs R's newly opened account go overdrawn. Mrs R received a letter in March 2025 saying that her account was in an unarranged overdraft. Mrs R promptly contacted Nationwide, and it agreed it would arrange for her account to be closed and the fees to be written off.

After Mrs R raised a complaint, Nationwide responded on 29 May 2025 and partly upheld the complaint. Nationwide confirmed that when Mrs R had called to cancel her switch, it was confirmed that the switched had been cancelled, but also that the newly opened account was still open. Nationwide confirmed that, when Mrs R called on 25 March 2025, it'd agreed to write off the account fees and close the account. Nationwide did however agree that it could've provided better service to Mrs R so paid her £75.

Nationwide then sent a follow up response, and said that it can take up to three months for an account to be closed and recorded as settled. Nationwide confirmed the account was closed on 30 May 2025, and it would be recorded as settled in full, all the way back to March 2025. Nationwide paid Mrs R a further £100, due to the delay in closing her account.

After Mrs R referred her complaint to this service, Nationwide reviewed the complaint again and offered to pay Mrs R a further £125, to bring the total amount of compensation to £300.

One of our investigators assessed the complaint and they ultimately thought that Nationwide should pay Mrs R a further £300, to bring the total amount of compensation to £475.

Mrs R didn't accept the investigator's conclusions and asked for £1,200 in compensation. Therefore, the complaint was referred for an ombudsman's 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.

Having reviewed everything, I uphold this complaint for broadly the same reasons that the investigator gave. I will explain why.

I understand that Mrs R applied to switch her current account to Nationwide in late November 2024, and on 3 December 2024, Mrs R called Nationwide to cancel the switch. During this call Nationwide confirmed that the switch had been cancelled. However,

Nationwide didn't make it clear to Mrs R that the account that'd been opened for the switch, would remain open.

In a call on 16 December 2024, Mrs R called Nationwide as she'd received an email regarding her switch and she wanted to check that it had definitely been cancelled. Nationwide checked its systems and confirmed the switch had been cancelled. But this time, Nationwide explained to Mrs R that, although the switch had been cancelled, the account she'd applied to switch to (a fee-paying Flex Plus account) remained open. Mrs R confirmed that she was happy with this and said she'd be able to pay money into the account in branch.

So, from the outset, I do think that Nationwide should've made it clear, during the call on 3 December 2024, that the Flex Plus account would remain open. I say this because, if a current account switch is cancelled, I think it's understandable if the consumer assumes that this would also result in the newly opened account being closed as well. Nonetheless, this misunderstanding was rectified on 16 December 2024, when Nationwide confirmed that the Flex Plus account would remain open and Mrs R said she was happy with this.

As the account that Mrs R had applied for was a packaged account, this meant that a monthly fee would be debited from the account each month. Unfortunately, it seems that, when Mrs R said she was happy for the account to remain open, she forgot that the account would incur a monthly fee. But I can't reasonably say that Nationwide is at fault because Mrs R forgot that she'd applied to open a fee-paying account.

It's also the case that, when Mrs R applied to switch her account, she'd applied for a £250 overdraft facility on the new account, but this was declined by Nationwide. So, the Flex Plus account didn't have an arranged overdraft in place. As the monthly fees continued to accrue on the account, and I can't see that Mrs R ever did credit money into the account, this led to the account becoming increasingly overdrawn, within an unarranged overdraft facility.

So, in the circumstances, I can't say that Nationwide acted unfairly or unreasonably because the monthly account fees were accruing on Mrs R's account - resulting in the account entering an unarranged overdraft. It therefore follows that I can't reasonably say that Nationwide acted unfairly or unreasonably in reporting the declined overdraft application, or for reporting that the account had entered into an unarranged overdraft, on Mrs R's credit file.

I understand that Mrs R later received information informing her that her account was overdrawn. And Mrs R contacted Nationwide in March 2025 to ask that the account be closed. In response, Nationwide confirmed that it would recredit the account fees, to bring the balance back up to a zero balance, and would then close the account.

The account fees had been correctly applied to the account and so Mrs R was obliged to pay these fees. So, I think Nationwide's offer to waive them is reasonable. However, when this was agreed, Nationwide failed to make it clear to Mrs R how long this process could take.

Looking at the responses Nationwide has given, I can see it initially said (in its response on 29 May 2025) the process would take up to six weeks. It then later said (in its response on 4 June 2025) it can take up to three months. I don't think providing changing timelines has helped here. And I think that there were probably different timelines for how long it would take to close the account and then for how long the information would be reported to the credit reference agencies for. But from what I can see, by 4 June 2026, Nationwide had already waived the fees and closed the account and arranged for the adverse information to be changed - so that the account was showing as settled on Mrs R's credit file.

Nationwide agrees with Mrs R that it should've arranged for her account to be closed on 25 March 2025 - which was when Mrs R asked for it to be closed (and it was agreed by Nationwide that it would be). So, although I don't think Nationwide was at fault for reporting

the information it did on Mrs R's credit file, I do think that Nationwide has delayed closing the account and rectifying Mrs R's credit file.

When considering what Nationwide needs to do to put matters right, the investigator recommended that Nationwide pay Mrs R a further £300, to bring the total amount to £475. Overall, I think this is a reasonable amount, because it does seem that Nationwide was slow to rectify matters, resulting in adverse information remaining on Mrs R's credit file for longer than necessary. And I'm in no doubt that this caused Mrs R a great deal of distress and worry. Indeed, Mrs R says that she struggled to sleep, due to her concern about this matter.

Mrs R says that the adverse information remained on her credit file well past June 2025, and says it was still on her credit file until September 2025. However, I've not seen enough evidence of that. So it's difficult for me to make a finding on that point. Especially when the evidence that Mrs R *has provided*, shows that her credit score had significantly improved in June 2025 - almost returning back to the level it was at in February 2025. This would suggest that, even if the account was still present on her credit file, the adverse information had been rectified by then. I'm also mindful that, as Nationwide declined Mrs R's overdraft application, I can't rule out the possibility that there was other information on her credit file that was potentially affecting her credit score as well.

Mrs R says that, one of the consequences of Nationwide delaying the closure of her account is that one of her credit card providers emailed her on 22 May 2025, saying that it'd taken the decision to reduce her credit limit from £10,000 to £100, due to the information on her credit file. Mrs R says that, although this didn't affect any borrowing on that card, she did have around £6,000 of borrowing on another credit card. She says the sudden drop in her credit limit prevented her from transferring the £6,000 of debt at 0% interest, resulting in her having to pay interest on the outstanding amount.

I have carefully considered Mrs R's point about this, and I accept that her credit card provider's decision to reduce her credit card limit was likely caused, at least in part, by the adverse information appearing on her credit file.

But the adverse information was an accurate reflection of what did happen i.e. that Mrs R's overdraft application was declined and that the account entered into an unarranged overdraft for a number of months, due to Mrs R's failure to pay money into the account. Because of this, I can't say that Nationwide was at fault for reporting this information in the first place.

I do think that Nationwide should've acted faster in terms of closing the account – which, given Nationwide's offer to rectify the adverse information, would've in turn meant that the information on her credit file would've been updated sooner. But given that her credit card provider had already decided to reduce the limit by 22 May 2025, then even if Nationwide had taken action sooner i.e. on 25 March 2025, given the amount of time it still would've taken for the credit file to be updated, I think it's possible that Mrs R's credit card provider may've still taken the same course of action anyway.

So overall, I don't think I can reasonably hold Nationwide responsible because Mrs R is having to pay interest on a credit card; because she couldn't complete a balance transfer at 0%; because her credit card provider decided to reduce her limit - due to adverse information being correctly recorded on her credit file. But I do think that the redress recommended by the investigator reasonably reflects the distress and inconvenience caused to Mrs R, due to Nationwide's delay in processing the closure of the account.

Putting things right

To put things right, I require Nationwide to pay Mrs R £300 for the distress and inconvenience caused by this matter.

Doing this would bring the total amount of compensation paid to Mrs R for this matter to £475 in total.

My final decision

Because of the reasons given above, I uphold this complaint and require Nationwide Building Society to do what I have outlined above, to put things right for Mrs R, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 18 March 2026.

Thomas White
Ombudsman