

complaint

Mr B complains that Nationwide Building Society used funds from his savings account to reduce the outstanding balance on his credit card.

background

Mr B has a credit card, savings account and current account with Nationwide. In 2018 he told Nationwide he'd been made redundant and it agreed that he didn't have to make any payments towards his credit card between September 2018 and February 2019.

Nationwide says it wrote to Mr B on 5 February 2019 and asked him to get in touch so it could discuss his credit card. When it didn't hear back from Mr B, Nationwide says it wrote to him again on 26 February 2019. Nationwide says this letter explained it intended to use funds Mr B had in his savings account to reduce the balance on his credit card.

Nationwide didn't hear back from Mr B so on 14 March 2019 it took £2,394.83 from Mr B's savings and used it to reduce the credit card balance to £8,879.78.

Mr B complained and explained that he hadn't received the letters Nationwide sent in the run up to its decision to take funds out of his savings account. Nationwide responded on 2 April 2019 but didn't agree an error had been made. Mr B referred his complaint to our service and it was passed to an investigator. The investigator thought Nationwide had acted in line with the terms of Mr B's credit card and didn't ask it to refund the money it had taken. Mr B reiterated that he hadn't received Nationwide's letters and said its decision left him without funds. Mr B asked to appeal so his complaint has been passed to me to make a decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I appreciate Mr B's been through a very difficult time which is why he wasn't able to make his payments. I've focused on whether Nationwide has treated him positively and sympathetically whilst he's experienced financial difficulties and whether it's acted in line with the account terms.

I've looked at Nationwide's contact notes and I can see that Nationwide agreed a nil payment plan with Mr B in August 2018. That meant Mr B didn't have to make any payments between September 2018 and February 2019. I think that shows Nationwide wanted to help and provide Mr B with some breathing space.

But Nationwide's agreement was for a six month period and at its end Mr B needed to make contact to discuss his situation or arrange to reduce his outstanding balance. Nationwide didn't hear back from Mr B and says it wrote to him on 5 February 2019 to ask him to get in touch and discuss his credit card.

Nationwide didn't get a response so it wrote to Mr B again on 26 February 2019 to say it had frozen his savings account and would use the funds to reduce his credit card debt if it didn't hear back from him in 14 days. Nationwide says Mr B didn't make any further contact so on 14 March 2019 it took £2,394.83 from his savings account and used it to reduce the credit card debt.

One of Mr B's main points is that he didn't receive Nationwide's letters about its decision to offset the money he had in his savings account. Mr B says there's no proof that Nationwide sent its letter and no proof it was delivered. Mr B says important information should be sent via recorded delivery to ensure it's received. I agree that the letters Nationwide sent were important but there's nothing in the regulations it operates under or the account terms for his savings or credit card that says Nationwide will send letters via recorded delivery. And whilst I note Mr B's comments, Nationwide is able to send letters in the post.

Mr B says he didn't receive the letters. But Nationwide has sent us systems evidence to show the letter was sent to Mr B on 26 February 2019 explaining its intentions. Where information is disputed or incomplete, I'll base my decision on the balance of probability. That is, what I consider most likely to have happened based on all the available information. I note that Nationwide's address information is in line with the details we hold and I'm satisfied the systems evidence shows an offset letter was sent. Taking everything I've seen together, I'm satisfied Nationwide did send Mr B a letter on 26 February 2019.

I've also looked at the account terms for Mr B's credit card and can see that they allow Nationwide to use funds a credit card holder has in savings to reduce an outstanding balance. So I don't think it's made a mistake by taking that step.

Mr B says Nationwide's decision left him without funds for essential expenses and living costs. Whilst I can see that Mr B was transferring funds in his savings account and using them, in part, for living costs, I have to take into account that Nationwide's agreement to put his credit card on hold for six months had ended. As a result, it was up to Mr B to discuss his circumstances and options. I've explained above why I'm satisfied that Nationwide wrote to Mr B about his credit card in February 2019. Without a response or any new information, I think Nationwide's decision to use funds held in Mr B's savings account was reasonable.

I'm sorry to disappoint Mr B but I'm satisfied Nationwide wrote to him about its intentions on 26 February 2019. I haven't been persuaded that Nationwide has treated Mr B unfairly by using the money in his savings account to reduce his outstanding credit card balance. As a result, I'm not telling Nationwide to do anything else to resolve this complaint.

my final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 28 September 2019.

Marco Manente
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