

complaint

Mr A's unhappy Nationwide Building Society reduced the overdraft limit on his current account, applied a default to his credit file and with the way its dealt with him.

background

Nationwide wrote to Mr A in January 2018 saying it would be reducing his overdraft limit in mid-February. It also emphasised he should bring his account balance below this new limit. But he didn't do so and Nationwide sent more communications advising him he had an unarranged overdraft and asking him to pay money in to bring it within the new overdraft limit. Despite numerous letters being sent it got no response. By May 2018 the overdraft had been in an unarranged overdrawn position for three months and a default letter was sent. It made clear if Mr A didn't pay the balance a default would be registered on his credit file. A default was later recorded.

Mr A says he didn't receive the letters from Nationwide and wasn't aware of the reduction in his overdraft limit or the default. He's unhappy with Nationwide's service and that it registered a default on his credit file. He wants the default removed.

Our investigator felt this complaint shouldn't be upheld. He said:

- Nationwide was within its rights to change the overdraft limit and it reasonably made Mr A aware of this and gave him enough time to reduce the balance.
- Nationwide made numerous attempts to contact Mr A about the overdraft, asking him to pay in money and advising about the entry of a default on his credit file. All letters were sent to his correct address. Its unfortunate if Mr A didn't receive them but that's not Nationwide's fault. As Mr A had an unarranged overdraft for three months it acted reasonably applying the default notice at the end of May 2018.
- After Mr A subsequently contacted Nationwide it agreed as a gesture of goodwill to refund £145 of charges applied to his account after his overdraft limit was reduced. That's fair.
- In July 2018 the account received a payment which cleared the arrears and brought the account back into credit. This left it in an unusual position and Mr A was given conflicting advice about what would happen and whether the default would be registered. He also continued using the account while the default was being registered.
- Nationwide has agreed its service wasn't good enough and offered Mr A £150 compensation. That seems reasonable. It also belatedly said the account isn't suitable for use and encouraged Mr A to have any credits paid into another account. It's also said it will close the account. That's reasonable.
- Mr A would like the default removed from his credit file. But as Nationwide has a duty to report accurate information about the account he can't now recommend it should be required to remove the default.

Mr A remains unhappy and has asked for an ombudsman review.

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 agree with the investigator's conclusions for the same reasons.

Nationwide was entitled to reduce Mr A's overdraft limit as it did. It also gave him reasonable notice of this change and time to pay in money to reduce the balance owed. It also explained what would happen if he didn't reduce his overdraft to within the new limit. In addition after the new limit was effective it told him his overdraft was now unarranged and again asked him to pay in some money failing which a default would be entered.

Mr A says he didn't receive these letters and was unaware of the change to his overdraft limit. But Nationwide sent these letters to Mr A's correct address. It's unfortunate if he didn't receive them but that isn't something I can reasonably hold Nationwide responsible for.

Once the overdraft had been unarranged for three months Nationwide was also entitled to enter the default on Mr A's credit file. It has an obligation to record correct information about the way the account is operated and it was clearly in default when the registration process was started and ongoing. So, I don't think I can fairly or reasonably now require Nationwide to remove the default from Mr A's credit file as he would like.

Even so Nationwide could've dealt with Mr A better in and after July 2018. It didn't give him clear information on what would happen to the account after a payment was made into it clearing the arrears or what would happen about the ongoing default registration. Since then it has advised him about using another account and closed the account. That's reasonable.

Nationwide has accepted its service wasn't good enough and offered to pay Mr A £150 for this. I also note Nationwide has previously also refunded £145 of charges to the account as a goodwill gesture. Overall I think that's fair.

Taking everything into account, including the level of awards we make, I don't think I can fairly or reasonably ask Nationwide to pay or do anything more, including removing the default from Mr A's credit file. I simply leave it to Mr A to decide, if he hasn't already done so, if he wishes to accept Nationwide's offer of £150 compensation.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 2 February 2019.

Stephen Cooper
ombudsman