

complaint

Miss V complains that Nationwide Building Society continued to keep a record of her bankruptcy on her account records after it was discharged, and that as a result the society has not given her an overdraft facility.

background

Miss V has a current account with Nationwide. She has asked for an overdraft facility but the society has turned down her request. She has been charged fees when her direct debits were unpaid because there was not enough money in her account at the time. On several occasions the bank has refunded those fees as gestures of goodwill.

Miss V had a bankruptcy but this was discharged in 2006. Miss V says that the reason why Nationwide will not give her an overdraft facility is that it did not update its records after the discharge.

Nationwide said that Miss V had not notified it that the bankruptcy was discharged and it asked her to provide the certificate so that it could amend its records. But it also said that the bankruptcy marker was on an old account, not on her currently active account, and that the society's decision not to offer an overdraft had no connection with this marker. Unhappy with the society's response, Miss V referred her complaint to this service.

Our adjudicator did not recommend that the complaint should be upheld. Briefly, she said:

- Nationwide is not required to provide a detailed explanation why it turned down the overdraft application. However, it has confirmed that the bankruptcy marker was not a key factor in its decision.
- It appears that Nationwide considers that to grant extended credit facilities would only lead to further financial detriment to Miss V. It is entitled to take that view.
- Nationwide feels that it dealt sympathetically with Miss V by refunding some fees.
- The society removed the bankruptcy marker once it had been provided with proof of the discharge.

Miss V did not agree with the adjudicator's conclusions. She said, in summary:

- She finds it hard to make ends meet. A small overdraft would stop the direct debits failing and therefore stop the charges. Nationwide is profiting from her being poor.
- The Official Receiver would have informed Nationwide of the discharge of her bankruptcy at the time.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Miss V is sincere in her belief that Nationwide's reason for denying her an overdraft is the bankruptcy marker, and that if it had been removed earlier then she would have been given

the facility. But the society says that the marker on her old account was not a key factor in its decision – it says it took into account many other factors concerning Miss V's current situation. For this reason I do not believe that removing the marker earlier would have made any difference to the society's decision.

I note that the society has now removed the marker and is clearly aware that her bankruptcy is discharged, but it still declines to grant an overdraft facility. This further convinces me that the marker was not the key issue.

Miss V's account has usually been in credit but not by a very large margin, so she feels an overdraft facility would help her. But Nationwide takes a different view – it says that an overdraft would not be in her best interests. I am sympathetic to Miss V's difficulties, and I can see that it must be frustrating to run an account largely in good order then to face charges on the occasions when it dips below zero. But I am also aware of the society's obligations to avoid irresponsible lending. An overdraft is a form of lending, and if the society has decided that it would be wrong to extend such a facility to Miss V then I would not interfere with that decision.

Nationwide has offered to talk with Miss V to try to resolve any financial hardship issues and it has tried to contact her. Given these actions and its previous refunds of charges, I am satisfied that the society has acted sympathetically and positively towards her problems.

I realise that Miss V will be disappointed by my decision, but I do not find that Nationwide has acted unfairly or unreasonably.

my final decision

My final decision is that I do not uphold this complaint.

Colin Brown
ombudsman