

complaint

Mr B's representatives, the Citizen's Advice Bureau (CAB), has complained on his behalf that correspondence relating to a credit card debt he has with the Nationwide Building Society (Nationwide), has been sent directly to Mr B rather than to the CAB. Mr B is also unhappy that Nationwide will no longer accept a payment of £42 per month to his credit card account and have indicated they wish to secure the debt with a charging order.

background

Mr B has been receiving help from CAB since 2015 regarding a number of debts. In November 2015 Nationwide accepted an offer to pay £1 per month towards his credit card debt with them.

In September 2016 Nationwide accepted a revised offer of £42 per month for a year. But when this was reviewed in 2017 Nationwide declined to renew the arrangement because it said it would take too long to clear the debt. It also said it was going to refer the account to a solicitor or debt collector.

Mr B had provided CAB with an authority to act on his behalf. The wording of that authority stated that he authorised them,

"to act on my behalf in connection with my debts and related matters, and in particular;

- a) to contact his creditors and other parties concerned in any matter arising out of such matters by letter, telephone and any electronic means where appropriate*
- b) to receive and record any information*
- c) to disclose any relevant information regarding his circumstances to any such person"*

CAB say that contrary to that authority Nationwide continued to correspond with Mr B. So the CAB complained on his behalf to this service.

Our investigator looked into the matter but didn't think Nationwide had done anything wrong and so the matter has been referred to me for a final 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.

The authority Mr B gave to the CAB is necessarily limited not only in relation to the nature of his instructions to them, namely debt advice, but it is also limited in scope. He first authorised, at para (a), for CAB to make contact with his creditors by one or all of three methods of communication, and then (b) to receive and record information, and finally (c) to disclose information. The authority is addressed to the CAB not the Nationwide. What the authority does not do is authorise Nationwide to contact CAB. CAB argues that this is in breach of the Financial Conduct Authority rules contained within the Consumer Credit Sourcebook (CONC7), but I do not agree. Nationwide have not refused to deal with the CAB, they simply haven't yet been given the authority to do so by Mr B. I appreciate that CAB may have thought that's what their standard authority form would allow Nationwide to do, but it doesn't. So I cannot say that Nationwide have done anything wrong here.

In relation to Nationwide's proposed recovery action I have considered the history to Mr B's account. Nationwide is bound by the Lending Code. The Code sets out some things banks can do when a customer is in financial difficulty and that includes suspending charges on the account. But the bank doesn't have to do that. It has to deal positively and sympathetically with customers once it knows they are in financial difficulty. It can do a range of things, depending on the customer's circumstances. What Nationwide did first was to agree a 6 month token repayment period of £1 per month, which they extended for a further 6 months. Nationwide then agreed a reduced monthly payment of £42 for another year. That demonstrates that Nationwide were treating Mr B fairly and providing him with a considerable period of time to manage his financial problems.

I have considered CAB's argument that there have been further breaches of CONC7 but again I do not agree. There is no evidence that Nationwide have sought to pressurise Mr B into paying more than he can afford, and I can see that they specifically they asked him to continue paying at his existing rate of £42 per month. They have not sought an Order for sale of his home and nor have they said they will be doing so. Equally Nationwide have not sought to have Mr B repay the debt in a single or a few repayments, or within an unreasonably short period of time.

In my view, the future action which Nationwide has indicted, namely an application for a charging order, is reasonable and proportionate given the very high level of personal unsecured debt Mr B has with multiple creditors. So I can't say that Nationwide have done anything wrong here.

my final decision

I know Mr B will be disappointed with my decision but I have come to the same conclusion as the investigator for similar reasons. I don't feel that Nationwide has done anything wrong here, so I'm not upholding Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 28 July 2018.

Jonathan Willis
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