

complaint

Mr P complains that Nationwide Building Society (Nationwide) registered a default against his credit card account when he thought he had agreed a payment plan.

background

In November 2014 Mr P told Nationwide that he was having financial difficulties. Mr P made several offers to partially settle his credit card account which Nationwide declined.

Mr P completed an income and expenditure form and in January 2015 offered to pay Nationwide £40 a month towards his debt. In response to this Nationwide told Mr P he was eligible for a nil payment plan for six months and interest and charges would be frozen. Nationwide say that Mr P was told this plan would be subject to a default.

Mr P was happy with what was suggested and said he would still pay the amount offered. The following day Nationwide sent Mr P a default notification letter and later registered a default against his account.

For the next three months Mr P paid £50 a month towards his debt and following this upped the payments to around £100 a month until his debt was settled in full in August 2017. During this period Mr P only missed one payment.

On settling his debt Mr P complained that a default had been registered against his account when it was his understanding he had a payment plan in place. Nationwide say Mr P was told that the nil payment plan was subject to a default and that it was obliged to record the running of the account on his credit file.

Our investigator looked into Mr P's complaint and thought given Mr P's willingness to come to an arrangement that it wasn't fair for Nationwide to apply a default to his account without first giving him the chance to see if he could repay his debt. He thought Nationwide should remove the default from Mr P's credit file.

Nationwide disagrees. So Mr P's complaint has come to me for 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. Having done so I'm in agreement with our investigator and think Nationwide could've done more to help Mr P when he informed it he was facing financial difficulties.

When a customer contacts a bank and tells them they are having financial difficulties I would expect it to treat the customers financial situation both positively and sympathetically.

In this particular case finding himself in difficult financial circumstances Nationwide's internal notes record that Mr P approached it on a number of occasions and offered different amounts of money to part settle his debt with it, to which Nationwide declined.

Mr P then offered to pay £40 a month to settle his credit card debt. In response to this Nationwide told Mr P he was eligible for the nil payment plan for six months with charges and interest frozen. Mr P was happy with this but still wanted to pay what he'd offered. The

notes then record that Mr P was advised the plan was subject to a default and offered Stepchange, but Mr P was happy to deal with it himself.

Based the notes recorded I think that Mr P wanted to co-operate with Nationwide and was intent on trying to take control of his financial situation and pay off his debt. I can see that the notes record that Mr P was told the plan was subject to a default, but it's not clear whether Mr P understood exactly what this meant. And from what I've seen and from what Mr P has told us, I think it's possible that Mr P thought he had agreed a payment plan and the default would only be registered if he didn't keep up with it.

Regardless of what Mr P thought he was agreeing to, providing Nationwide treated his situation both positively and sympathetically, it's not required to follow any particular course of action. However, I think in these particular circumstances where a customer is engaged and clearly wants to try and pay back his debt, giving him a chance to do that and agreeing a plan would've been a positive step – rather than defaulting him straight away without giving him that chance.

I accept what Nationwide says about the impact of Mr P having an arrangement on his account and not being able to make the required minimum payments would have a similar effect on his credit file to a default. But at least it would show that positive steps were taken by both sides to settle the debt before the account was defaulted. And in this case as Mr P repaid the balance of his account in full a default need never have been recorded.

So to reflect this I think a fair outcome in this particular case would be to have Nationwide remove the default it registered against Mr P.

my final decision

My final decision is that I uphold Mr P's complaint against Nationwide Building Society and direct it to remove the default it registered against Mr P.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 19 February 2018.

Caroline Davies
ombudsman