

## **Complaint**

Mr S complains Nationwide Building Society failed to tell him they would record a default on his credit file when they agreed to freeze his credit card account. He would like the default removed and a payment plan set up.

## **background**

Mr S has a credit card account with Nationwide. Unfortunately, early in 2017 Mr S began to experience financial difficulties.

He contacted Nationwide and explained his position. The bank carried out an income and expenditure with Mr S over the telephone and found him to have a deficit budget. The representative suggested a nil payment plan, which effectively places a freeze on the account for six months.

During this time Mr S is not required to make any payments and no further interest or charges are applied to his account to give him some breathing space. The representative explained the financial assistance team at Nationwide would now review the information Mr S had given and confirm their decision in writing or by telephone.

Mr S then discovered a default had been recorded on his credit file. He was unhappy as he didn't feel Nationwide had explained this to him.

Our investigator looked into things for Mr S. She listened to the telephone calls between Mr S and Nationwide and found they had explained everything clearly to Mr S and although there had been a delay in recording the default, it had now been amended to the correct date and was accurate and so she didn't ask them to do anything else.

Mr S disagreed he feels strongly that Nationwide didn't explain the implications of his decision properly and had they done so he would have asked family and friends to help him and so he asked for this 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.

Having done so I'm in agreement with our investigators assessment and I'll explain why.

Mr S has said he wasn't aware when entering into a nil payment plan with Nationwide for his outstanding credit card account that a default would be recorded on his credit file. He goes on to say that he may have been distracted during the call and maintains he would have asked family or friends for assistance had he known the building society would take this action.

I've listened to the telephone call between Mr S and Nationwide when these matters were discussed and I'm afraid I can't agree that Nationwide didn't make both the procedure and the implications of the outcome clear to Mr S.

Nationwide's representative is very clear in explaining the following points to Mr S during the call:

- In order to assess Mr S's affordability to set up a payment plan he would need to complete an income and expenditure form over the telephone
- As Mr S agreed, the outcome of the assessment was Mr S had a deficit budget
- An option would be a nil payment plan which effectively freezes the account for six months and no interest or charges will be applied but there are several implications for Mr S
- the account will be restricted to receive payments only and he will no longer be able to use the account
- a default notice will be sent and recorded on his credit file
- the financial assistance department will need to review the information and confirm they will set up the plan

Mr S seemed to understand the information he was given. He asked if he could have the nil payment plan for 12 months and was advised the maximum period was for six months but it would be reviewed again at that point.

Mr S also asks if he can make payments as and when he has some available money. Nationwide were clear in explaining he could, but as he has a significant deficit budget they go on to suggest if he would like some debt management advice from a charitable organisation and offer him the telephone number.

The telephone call doesn't indicate that Mr S was distracted or didn't understand the information he was given.

I can understand when faced with significant personal issues and financial difficulties it can be easy to forget everything that is said when dealing with these matters but I'm satisfied that Nationwide did explain the implications properly and so I'm not going to ask them to do anything else.

### **my final decision**

For the reasons I have given I don't uphold Mr S's complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 January 2018.

Wendy Steele  
**ombudsman**