

complaint

Miss S is unhappy with the way Nationwide Building Society dealt with her query about a balance transfer.

She wants Nationwide to change its systems. She'd also like an apology and £150,000 compensation.

background

Miss S completed a balance transfer to Nationwide for £2,500 in mid October. The balance transfer was interest free for 18 months. She later discovered she'd given Nationwide the wrong payment information to allow it to repay her other credit card balance. So she asked Nationwide if it could recall the payment.

Nationwide says it was unable to recall the funds. But as a result of transaction adjustments it made on Miss S's account Miss S now thinks Nationwide has made two separate balance transfers of £2,500 and that she's now got a debt of £5,000 which she hadn't requested. She also thinks her balance transfer should be reducing as she is making payments above the minimum amount required to her credit card but it's not.

When she complained to Nationwide it says it hadn't extended Miss S's borrowings to £5,000. Instead it'd cancelled the initial balance transfer in October 2016 and set a new balance transfer for £2,500 in December 2016. The net effect was that Miss S had one balance transfer of £2,500.

With regard to payments made to the account, Nationwide says that payments made to the account are firstly used to reduce any purchases (as these incur interest) before excess payments are used to reduce any balance transfers, which is why the balance transfer amount doesn't reduce first.

Miss S wasn't satisfied and brought her complaint to this service. Our adjudicator didn't think Miss S's claim should be upheld. He thought Miss S hadn't been debited with two balance transfers each for £2,500. He also thought Nationwide had correctly applied payments made by Miss S and its calculation of the outstanding balance appeared to be correct.

Miss S disagreed with the adjudicator's findings as her own calculations showed she should be in credit. She asked for an ombudsman's 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.

Having done so, I'm sorry to disappoint Miss S but I broadly agree with the adjudicator's view.

Miss S completed her balance transfer in October 2016. At this time Nationwide debited Miss S's account with the balance transfer of £2,500 and the balance transfer fee of £72.50. Miss S then asked Nationwide to cancel the transfer.

I can see from Miss S's statements that Nationwide removed the original balance transfer – when it credited Miss S's account in December. And because Nationwide couldn't get back the amount that Miss S had asked it to send to repay her other credit card provider it applied a new balance transfer for £2,500 – when it debited her account a few days later. So I'm satisfied that the overall effect is that Miss S only has one balance transfer of £2,500.

I realise that Miss S says she pays her purchases off each month and thinks her balance should be reducing. I've looked at the information provided by Miss S and Nationwide but the outstanding balance looks correct.

I can see that Miss S has made payments of more than the minimum payment due. But I can also see that new purchases to the account are significant and this perhaps explains why the balance transfer amount doesn't reduce much. Nationwide applies payments so that purchases balances (on which Miss S would have to pay interest) are cleared before reducing the amount of the balance transfer (on which Miss S doesn't pay interest). This works in Miss S's favour, so I don't think Nationwide has acted unfairly.

For example, Miss S's January statement shows an outstanding balance of £2,752.81. £2,500 is the balance transfer. Miss S then paid £260 the next month. £252.81 was used to clear her purchases and balance transfer fee. And the remaining £7.19 was applied against the balance transfer. So the balance transfer reduced to £2,492.81 (as shown on the February statement).

Having considered everything carefully, I haven't seen any evidence that Nationwide has calculated Miss S's account incorrectly. So I don't think Miss S has suffered a financial loss. I appreciate from listening to the recordings that Miss S finds the way the statements are set out is confusing but unfortunately this service can't tell Nationwide how to set out its statements or require it to change its systems. That is a matter for the Financial Conduct Authority. So I won't be asking Nationwide to pay any compensation to Miss S as I don't think Nationwide has caused her any undue inconvenience.

I realise this will come as a disappointment to Miss S who is seeking a significant compensatory award. But I have to tell Miss S that even if I had found that Nationwide had acted unfairly, the amount of compensation being sought is unrealistic for the nature of awards made by this service.

my final decision

My final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 24 November 2017.

Michelle Hayward
ombudsman