

The complaint

Mr A complains Nationwide Building Society closed his credit card account without his permission.

What happened

Mr A's credit card account was closed in September 2020 without Mr A's permission, and he did not become aware of this until August 2022 when he contacted Nationwide to instruct a balance transfer.

Nationwide have been unable to explain why the account was closed, and said the agent that closed the account no longer works for them so they are unable to know what happened. Nationwide offered Mr A an apology and £150 for the trouble caused.

Mr A didn't accept this as he wanted reinstatement of the credit card and previous credit limit. Nationwide didn't agree to this so the matter was brought to this service.

Our Investigator concluded the account could not be reinstated, but said £250 better reflected the trouble caused to Mr A due to Nationwide's error.

As a resolution could not be reached, the matter was referred to me. I noted Mr A's point that the error was not of his making, and that he was concerned a Nationwide agent had accessed his account without his permission. Mr A said this latter point gave rise to concerns there may have been a data breach involving his personal information.

I issued a provisional decision to both parties on 4 December 2023. For reference, I've summarised my provisional findings here:

- There was no evidence to explain what had happened, but as Nationwide accepted responsibility that Mr A's account should not have been closed, it was therefore left for me to consider how this had affected Mr A, and what would be fair in order to put things right.
- Regarding Mr A's wish for his credit card to be reinstated - I noted Nationwide is required to lend responsibly, so it would not be a simple matter of re-opening Mr A's credit card and reinstating the previous credit limit. Nationwide would need to assess an application to decide whether they are prepared to open a credit card account and extend a line of credit to Mr A again. This is part of Nationwide's commercial decision making, and therefore not something this service can interfere with.

- Mr A was unhappy at losing certain benefits he held with his existing card. I noted that Nationwide's available credit cards – as shown online at the time of my provisional decision and subject to eligibility criteria - still offered one of the benefits Mr A particularly valued in his existing credit card, which was commission-free purchases abroad. But I noted the promotional balance transfer offer on Mr A's existing credit card had already expired on 1 January 2022, so it was no longer available to him anyway.
- I provisionally concluded £250 was fair to reflect the trouble this matter had caused to Mr A. This was because there was nothing to suggest Mr A had incurred a financial loss here, but he had experienced frustration and disappointment, and the inconvenience (should he wish) of having to obtain a new credit card. I also explained it was not possible to award for any financial loss that may or may not occur in the future.
- Regarding Mr A's concern about his personal data being breached, I explained it was not for this service to determine if a law had been breached. I noted Mr A had already been told he could raise concerns with the Information Commissioner's Office (ICO) who are responsible for upholding data legislation. And, based on the submissions that were made available to me, I was unable to identify any specific loss in relation to Mr A's data possibly being breached. Again, I explained it was not possible to award for any financial loss that may or may not happen.
- Mr A was unhappy about the way Nationwide had handled his complaint. I explained complaint handling was not something our service could review and this was something the regulator – the Financial Conduct Authority (FCA) – monitor if Mr A wished to raise it with them.
- To put things right – as far as is now practicable – I proposed Nationwide pay Mr A £250 to reflect the impact this matter caused him. I also proposed that should Mr A choose to apply for another credit card with Nationwide, that Nationwide should be mindful of their obligations and responsibilities when assessing any such application and treat Mr A fairly. And that Nationwide should remove any hard search from Mr A's credit file if he does make an application to them (whether successful or not) as this would not have appeared on Mr A's credit file, but for Nationwide's error in closing the existing account without explanation.
- I noted it appeared no adverse information had been recorded on Mr A's credit file in relation to the credit card. So there was nothing to put right here.

Responses to my provisional decision

Mr A did not agree with everything in my provisional decision. I've summarised his submissions as follows.

- Mr A could not understand how Nationwide was unable to know what happened and simply say they could not know now because their employee that carried out the closure has left Nationwide.
- As Nationwide have accepted responsibility for the error, they should be doing everything to put things right, and by not attempting to do so is insulting.
- Noting that Nationwide have regulatory responsibilities and obligations, Mr A said these had already been met previously otherwise he would not have had the credit card agreed.
- Nationwide have taken the credit card away, and didn't follow their own terms and conditions when they closed the account.

- The point of compensation is to compensate for loss of time/ the card usage etc and £500 ought to be the minimum considering how long everything has taken and because Nationwide can't explain what happened.
- A data breach almost certainly occurred as Mr A said he didn't give permission for someone to access his account.
- It is shocking that Nationwide's lack of explanation is acceptable and it should be further investigated.
- Mr A questioned the point of raising problems about Nationwide's complaint handling with the FCA if they could not look at individual cases.
- Mr A is looking for a minimum of £500 for time taken to process this and loss of use of the credit card, and to recognise the frustration caused to him. But he accepted the proposal that should he reapply for a credit card then any hard search should be removed.

Nationwide requested an extension to reply to my provisional decision and they provided their response on 17 January 2024. I've summarised their response as follows.

- Nationwide said they had nothing further to add and were happy to accept the proposed outcome.
- Nationwide wished to make clear they could not guarantee that Mr A would be accepted for another credit card, but they would remove any search for the application should he make one. And if Mr A's application was successful they would report his credit card as usual – month-on-month - to the credit reference agencies.
- Nationwide agreed to pay £250 to Mr A.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

After careful review of the additional submissions I've reached the same conclusions as those set out in my provisional decision.

Mr A's additional submissions include his continued frustrations with Nationwide's inability to explain what happened with his credit card. I acknowledge his frustration here and that an error not of his own making has caused him an unnecessary inconvenience.

In my experience sometimes it is not possible to know exactly what happened to cause the events that bring a complaint to our service. And I do appreciate this can be very difficult for parties who are unable to have that answer. Where something is in dispute our service works on the balance of probability to decide what more likely than not happened when determining if something has gone wrong.

In this case, Nationwide have been unable to offer up any explanation as to why Mr A's account was closed – which I acknowledge is unhelpful. And understandably Mr A has no evidence to hint at what may have happened here either.

In the circumstances, Nationwide accepted the error was theirs, so uncovering exactly what happened was not something that needed to be determined here. This therefore left me to consider the impact to Mr A.

There are different considerations when it comes to putting things right. It is not always possible to precisely unwind something that has gone wrong. My proposal to put things right is therefore a proposition to put things right *as far as is practicable*.

Given the regulatory responsibilities and obligations placed upon a lender, a lender's decision whether to provide someone with credit is not for this service to interfere with. But as I set out in my provisional decision, should Mr A wish to make an application with Nationwide they should treat him fairly and remove any hard search from his credit file. This is a fair resolution in the absence of being able to instruct reinstatement of Mr A's credit card. The submissions available did not describe any specific financial loss to consider. And so as I set out in my provisional findings - what Mr A may or may not have used his credit card for – was not something this service could instruct a remedy for.

Regarding Mr A's concerns about a potential data breach, there was also no specific financial loss mentioned in relation to this. I note Mr A has hinted he will consider approaching the ICO so I leave that for him to decide and pursue as a separate matter. And while the FCA will not consider individual cases, they will record any concerns brought to them to review as potential wider issues to do with a firm. I also remind the parties that it is the FCA's role to fine or punish a business – not this service.

I recognise that my findings are not putting Mr A back in the position he was looking to be in. However, where I can't put things right in the way Mr A is looking for, I look to put things right in a way that is fair and reasonable in the individual circumstances of the complaint. I've reflected on what Mr A has said about a minimum of £500 being more appropriate as an amount of compensation, and it might help to be clear at this point that the award of £250 is an award to reflect the distress and inconvenience this matter has caused Mr A (not any other potential loss Mr A has described).

It is not easy to put a price on how much someone may have been upset or inconvenienced by an incident as these are not quantifiable losses, and there is a general expectation of a level of inconvenience when having to sort out something that has gone wrong. I accept Mr A has been inconvenienced and will now, if he chooses, need to go through an application for a credit card he didn't previously expect to make. Taking everything into account, while I've carefully considered what Mr A has said about a minimum of £500 being more appropriate, overall, I think £250 is fair in the circumstances.

Putting things right

Nationwide Building Society should pay Mr A £250 to reflect the impact this matter has caused him.

If Mr A chooses to submit a new credit card application to Nationwide, he should note that there is no guarantee it will be approved; but Nationwide should consider the application fairly alongside their other responsibilities and obligations as a lender, and they should remove any hard search from Mr A's credit file (whether he is successful or not) as this would not have appeared on his credit file, but for Nationwide's error.

As Mr A's credit file has not reported any adverse information in relation to his Nationwide credit card following these events, there is nothing else to put right here.

My final decision

For the reasons above, my final decision is that Mr A's complaint is upheld and Nationwide Building Society should put things right in the way I've described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 26 February 2024.

Kristina Mathews
Ombudsman