

The complaint

Mr S complains that Nationwide Building Society accepted his application for a credit card but cancelled the application prior to the card being sent out.

What happened

Mr S applied for a credit card with Nationwide on two occasions in September 2023 and October 2023. Mr S has said that he wasn't able to complete or submit the first application but a few weeks later he completed and submitted the second application.

Mr S received an email thanking him for applying for the credit card and asking him to click on a link to review important documents and sign his credit card agreement. Mr S did this. He then received a further email advising him that his card and PIN should be with him within the next 7 to 10 working days.

Following receipt of this email, Mr S made purchases on another credit card with the intention to complete a balance transfer to his new Nationwide credit card and benefit from an interest free period of 15 months.

After 10 days Mr S hadn't received his card. He contacted Nationwide customer services, who advised him that there were two applications on their system, but the agent couldn't explain why no card had been issued.

Mr S complained to Nationwide. Nationwide issued a final response on 8 December 2023. It said both credit card applications had a technical fault which stopped the account from being opened and both applications had to be cancelled. Nationwide said it should have sent a letter explaining what had happened, but it couldn't see that this had happened, which meant that Mr S had to make calls to obtain information. Nationwide apologised for any problems caused by the technical error and the lack of communication and said it had asked for the credit searches to be removed from Mr S's credit file. It said it had arranged for £100 compensation to be paid to Mr S's current account. Nationwide said Mr S could apply for the card again if he wished.

Mr S remained unhappy and brought his complaint to this service. He wasn't satisfied with the explanation provided by Nationwide. Mr S said he'd made purchases on another credit card intending to make a balance transfer to the Nationwide card and that he was now left with a balance on his other credit card which he estimated would cost at least £1000 in interest to repay over 15 months. Mr S said this sum should be the starting point for any compensation paid by Nationwide.

Our investigator didn't uphold the complaint. He said Nationwide had acknowledged that there had been a technical error when Mr S applied for the card which resulted in the account not being opened. The investigator said he thought that the removal of the credit searches and the compensation of £100 was a fair resolution.

Mr S didn't agree. He said he had asked Nationwide for an explanation of what the technical error was but hadn't received a proper response. Mr S said the failure to answer this

question caused him to suspect that the failure was human error not technical error. Mr S said Nationwide had also failed to explain why they couldn't re-process his application, open an account and issue a card.

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.

Nationwide has acknowledged that a technical error meant that Mr S's credit card account wasn't opened. It has said that it appreciates that a credit agreement was sent out to Mr S and that he signed and returned this but says that because the account was cancelled the agreement is no longer valid.

Nationwide has also acknowledged that it should have sent a letter to Mr S explaining what had happened, but it failed to do so.

I appreciate that this has been a frustrating experience for Mr S, and I understand why he feels so strongly about things. He's said that as far as he's concerned, he signed the credit card agreement and was advised that his card and PIN would arrive. And in anticipation of the card arriving, Mr S said he made purchases on another credit card intending to transfer the balance to the Nationwide card.

I make no criticism of Mr S for his actions. However, I don't think it's reasonable to ask Nationwide to compensate Mr S for interest charges from another credit card provider. I haven't seen any evidence as to what those interest charges are and Mr S would, in any event, be under a duty to mitigate his loss by applying for another interest free credit card. Nationwide have said to Mr S that he can re-apply for the card with the same interest free offer.

I've thought about whether the compensation paid by Nationwide is sufficient. On balance, I'm satisfied that it is. I say this because the compensation is for the technical error and the resulting inconvenience to Mr S at having to contact the bank. The compensation is in line with what this service would award.

Mr S has said that he wants an explanation of what the technical error was. I can see from the information provided by Nationwide that it tried to find out what went wrong but on investigation it was unclear what the technology fault had been which meant that the applications had not gone through. There's no evidence in any of the information provided by Nationwide that the problem was due to anything but a technical error. I haven't seen anything to suggest human error.

Mr S has also questioned why his application couldn't be re-processed and a card sent to him. Nationwide has explained that the technical error meant that the application was closed, and that it isn't possible to re-process an application once it has been closed.

I can see that Nationwide advised Mr S that he was able to reapply for the card straightaway and that the offer he wanted was still available. I think Nationwide acted reasonably in explaining to Mr S that this option was open to him.

Taking everything into consideration, I'm satisfied that Nationwide has acted fairly and reasonably by apologising for the error, removing the credit search and paying compensation of £100. I won't be asking it to do anything further.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 June 2024.

Emma Davy
Ombudsman