

## The complaint

Miss E complains that Nationwide Building Society agreed a payment plan with her and advised her that this wouldn't impact her credit file. Despite this she received arrears letters and her credit file was impacted.

## What happened

Miss E has a personal loan with Nationwide. In September 2023 she contacted Nationwide and asked if it was possible to have a payment holiday. Miss E told the agent that she didn't want anything to affect her credit file and she didn't want to change the term of the loan and the interest rate.

The agent who spoke to Miss E advised her that she could pay £10 per month from October 2023 for 6 months. The agent told Miss E that her credit file wouldn't be affected.

Miss E's direct debit collected the revised amount in October 2023. Following this, Miss E received a letter from Nationwide advising her that she was in arrears. She contacted Nationwide to raise a complaint, and subsequently paid the arrears in full.

In its final response, Nationwide said it had made an error. It said when the agent keyed in the arrangement to pay £10 per month, instead of keying a reduction in the monthly instalment to £10, they changed the direct debit payment to £10. This meant that Nationwide's system was still expecting the full monthly instalment but only received £10. As a result of this error, arrears accrued, and an arrears letter was sent. Nationwide apologised for the error and said it had arranged for Miss E's credit file to be amended. It also offered compensation of £350 for the impact of its error.

Miss E remained unhappy and brought her complaint to this service. She said that because of the stress caused by Nationwide's error she had made the loan repayments in full so that her credit file wouldn't be impacted and so she wouldn't receive further correspondence about the arrears. Miss E said she had been unwell at the time she requested the payment holiday and had wanted to reduce her loan repayment to give herself some breathing space whilst she recovered. She said that having to pay the arrears and the full repayment had impacted her finances.

Our investigator upheld the complaint. She said she didn't think Nationwide's offer went far enough to recognise the impact that the error had on Miss E. The investigator said that Nationwide had acted fairly by amending Miss E's credit file and said it should pay total compensation of £500.

Miss E didn't agree. She said that £500 didn't go far enough because Nationwide hadn't honoured the agreement to pay which she'd entered into, which would've resulted in her saving over £2500 over a six month period between October 2023 and March 2024. Miss E also said she thought Nationwide should pay her the amount of unrealised savings (less the £350 compensation already paid), or that they should reinstate the agreement to pay £10 per month for six months.

## **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.

There's no dispute between the parties that a payment plan of £10 for six months was agreed in September 2023. Nationwide has acknowledged that the plan wasn't set up properly and that as a result, arrears letters were sent to Miss E and arrears were reported on her credit file.

Given that Nationwide has acknowledged that it made an error, I won't comment on this aspect any further. Instead, I'll focus on the impact that the error had on Miss E and look at whether Nationwide has done enough to put things right.

Miss E has told this service that at the time she contacted Nationwide to request the payment holiday she was unwell and needed some breathing space. Miss E has told this service that her illness meant that she was unable to work and that she wasn't able to draw a salary. She says the arrears letters and the impact on her credit file caused her so much worry that she paid off the arrears and paid her loan repayments in full to avoid any further distress. Miss E has told this service that she had to use her savings to do this.

I've reviewed the information provided by Nationwide. The notes record that when Miss E initially contacted Nationwide, she explained that she was struggling to work after complications with Covid. It isn't clear from the notes whether Nationwide appreciated that Miss E had serious health issues. I can't see any other references to Miss E's health in the information provided.

I can also see from the notes that Nationwide saw that Miss E had cleared the arrears and wanted to ensure that she hadn't paid just because of the error and to make sure that it was affordable. I can't see that any further enquiries were made of Miss E in this respect – although it is Miss E's position that she suffered financial hardship as a result of feeling obliged to pay the arrears and the ongoing monthly repayments.

I've taken everything into account. Having done so, I agree with the investigator that Nationwide need to do more to recognise the impact that the error had on Miss E. Although Nationwide has acted fairly and reasonably by amending Miss E's credit file, I agree with the investigator that the compensation should be increased to £500.

I won't be asking Nationwide to compensate Miss E for the £2500 she says she would've saved over the six month payment arrangement period. Based on what I've seen, it was Miss E's choice to continue paying the loan in full. I can't see that she's contacted Nationwide to request to reinstate the payment arrangement.

Nationwide's notes suggest that if Miss E contacts the Collections team, she will be able to request a further arrangement. There's no guarantee that an arrangement will be agreed as this will depend on Nationwide's assessment of Miss E financial circumstances now. However, Miss E has told this service that her financial circumstances haven't changed since September 2023, so I'd expect Nationwide to consider any request for an arrangement favourably.

## **Putting things right**

To put things right, Nationwide Building Society must pay total compensation of £500 to Miss E.

**My final decision**

My final decision is that I uphold the complaint. Nationwide Building Society must pay total compensation of £500 to Miss E.

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

Emma Davy  
**Ombudsman**