

The complaint

Miss F is complaining about Nationwide Building Society because she thinks it should write off the overdrawn balance on her bank account due to her financial hardship. She also says the charges applied to the overdraft don't reflect the true cost of the borrowing.

What happened

I understand Miss F has four accounts with Nationwide, three in her sole name and one in joint names with her partner. This complaint relates to one of the accounts in Miss F's sole name, which has been consistently overdrawn since the end of 2022.

Miss F has told us that this situation arose after she split from a former partner and started moving direct debits to one of her other accounts into which she'd also arranged for her wages to be paid. Unfortunately, Miss F says she overlooked three direct debits and these continued to be deducted from the original account. No further money has been paid into this account since 2022 and over time the overlooked direct debit payments took it into its agreed overdraft and associated interest charges have been applied.

At the time Miss F complained I understand the overdrawn balance was just over £1,000, against the limit of £1,750, of which nearly £225 was accumulated interest charges. In view of the way the account was being used, Nationwide says it wrote to Miss F in October 2023 and January 2024 inviting her to make contact if she needed support but didn't hear anything until it received her complaint.

Unfortunately, I understand Miss F recently lost her job and she explained this when she complained to Nationwide in April of this year. While it didn't accept any fault in respect of the overdrawn account, it did agree to waive overdrawn interest fees on the account for March, April and May 2024. It also invited her to contact its collections and recoveries team to discuss what support options might be available.

Our investigator didn't recommend the complaint be upheld. He didn't think Nationwide was responsible for the overdraft building up, also noting that money was being paid into Miss F's other accounts that could have been used to pay the overlooked direct debits. By waiving interest charges for three months and inviting Miss F to make contact to discuss support options, he also felt it had responded appropriately to being notified she may be suffering financial hardship.

Miss F didn't accept the investigator's assessment and made the following key points:

- She thought she'd moved all direct debits to her other account. This account was previously held with her former partner and that was a trigger for her. As a result, she didn't check it.
- She's since been diagnosed with ADHD, which has an impact on her memory and ability to manage her affairs.
- She also has a number of other personal issues and necessary expenses that are

contributing to her overall hardship. This includes a physical health issue that involves specific dietary requirements, meaning she needs to spend more on food than would otherwise be the case.

The complaint has now been referred to me for review.

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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

Before going any further, I'd also like to thank Miss F for providing considerable detail about her personal circumstances. I'm sure that wasn't easy for her but it has helped me to gain an understanding of what took place and why.

Miss F's overdraft was first arranged in November 2017 and Nationwide has provided a copy of the original agreement confirming the limit and associated charges. I've seen nothing to indicate the charges applied to Miss F's account since it fell into overdraft at the end of 2022 are inconsistent with this agreement or otherwise unreasonable.

I'm very conscious of what Miss F has told us about the background to this situation, but I don't think there's any dispute the account fell into overdraft because she hadn't moved all of her direct debits across to her other account as she thought. Nationwide wasn't at fault for this. I can see that Miss F's ADHD and the personal history she's described may have contributed to this oversight and the fact she didn't notice it sooner, but there's nothing to suggest Nationwide was aware of any of that. Based on what it knew, I think Nationwide took appropriate steps to make Miss F aware of what was happening by providing account statements in the normal way.

This notwithstanding, Nationwide had a responsibility to monitor and review Miss F's overdraft facility to ensure it remained affordable and that the debt could be repaid within a reasonable period of time. The relevant rules don't specify how often a lender should review an overdraft facility but most banks do this annually and I think it's reasonable to expect that Nationwide should have done the same.

As the overdraft was agreed in November 2017, this would mean the first review due after the account had been overdrawn for any substantial period would have been in November 2023. If Nationwide had been concerned the overdraft couldn't be repaid at that point, it should have stepped in to remove the facility and make arrangements for Miss F to repay the balance owed. But it's provided evidence from her other accounts showing how much she earned and reporting significant positive balances and, based on what it knew at the time, I'm satisfied it was reasonable for Nationwide to think the overdraft remained affordable and to leave it in place.

As I've explained, I don't think Nationwide is at fault for the situation that's developed. I'm also conscious that the money borrowed was used to pay direct debits and that Miss F has had use of it. So I don't think there's any basis at this point for me to say charges should be refunded or the remaining overdraft balance written off. But it's clear this is causing Miss F considerable concern and, now she's set out that she believes she's suffering financial

hardship, it's important for Nationwide to treat her positively and sympathetically and consider what support may be available.

In the first instance, once it became aware Miss F had lost her job, I'm satisfied Nationwide provided appropriate short-term support by waiving interest charges on the overdraft for three months. It also invited Miss F to make contact its collections and recoveries team to discuss potential support options. If Miss F hasn't already made that contact, I'd encourage her to do so.

I can't say at this stage what additional steps Nationwide should take to support Miss F, if any, as I don't have sufficient information. As part of any discussion about support options, I'd expect Nationwide to review her situation in some detail, including her income and expenditure, to assess what she may be able to afford to pay. If it turns out she really can't afford to make any contribution to the amount owed, writing off interest or some of the capital could be an option at that stage. But I don't think I'm currently in a position to say that's what should happen.

It's for these reasons that I'm not upholding Miss F's complaint. I realise this outcome will be disappointing for her, but I'm satisfied it's fair and reasonable in the circumstances.

My final decision

For the reasons I've explained, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 13 August 2024.

James Biles
Ombudsman