

The complaint

Mr H has complained that Nationwide Building Society (“Nationwide”) has decided to increase the cost of the FlexPlus packaged bank account by £5 per month, from December 2024.

What happened

After Mr H was notified of the increase in the monthly account fee, he complained to Nationwide, but Nationwide didn’t uphold his complaint.

Mr H referred his complaint to this service and one of our investigators assessed the complaint and they too didn’t uphold the complaint.

As Mr H didn’t agree with the investigator’s conclusions, the matter was referred for an ombudsman’s decision.

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 reviewed everything, I don’t uphold this complaint. I will explain why.

Mr H has said that the increase in the monthly account fee, so soon after he agreed to it could be considered unfair practice. I can understand Mr H’s perspective here, as it was only around 10 months between him taking out the account and the fee being increased. However, from what I’ve seen here this was just unfortunate timing for him. Ultimately, Nationwide is entitled to increase its account fee. Taking an action like this means that some long-standing customers may be disappointed, just as relatively new customers like Mr H will be too.

What I’d expect to see here is that Nationwide treated Mr H as its customer fairly when taking this action. In terms of Mr H being notified of the change, Nationwide was required to provide Mr H with notice of the change before it is due to come into effect. The purpose of this is to ensure that Mr H is given a reasonable opportunity to consider whether the FlexPlus account is still suitable for his circumstances before the price increase comes into effect. Given that Mr H was clearly aware of the proposed fee increase, and has been since at least early October 2024, I’m satisfied that Nationwide gave Mr H reasonable notice. As such, if it is the case that Mr H doesn’t think the FlexPlus account will no longer be good value for money for his personal circumstances, I’m satisfied that he’s been given a reasonable amount of time in which to take out alternative products elsewhere. And I think that is the case especially given that Mr H can cancel his FlexPlus account whenever he wants i.e. he’s not tied into keeping it for a specified period of time.

In terms of Nationwide’s decision to increase its monthly account fee, it is a legitimate exercise of commercial judgement to decide what it charges for its products. But, as Mr H

has pointed out, when making such decisions, Nationwide is obliged to ensure that the cost of products and services are relative to the benefits they provide.

Nationwide has explained that it hasn't increased the fee of the FlexPlus account since 2017. It says the reason for the increase in the monthly fee in late 2024 is because the cost (to it) to include the various insurance benefits with the account has increased significantly in recent times. Therefore, it says it has had to increase the monthly account fee.

Nationwide has said that the increased monthly account fee is comparable to other packaged accounts. In the case of the FlexPlus account, it will be increasing from £13 per month to £18 per month. And in return, the account includes benefits such as: Worldwide family travel cover; family mobile phone insurance; UK and European breakdown cover, fee-free overseas debit card usage and a £50 interest-free overdraft facility.

Having considered the benefits and levels of cover included with the FlexPlus account in relation to the increased cost, in my view, Nationwide has provided a reasonable explanation as to why it believes that the account still represents fair value for its customers.

Mr H describes himself as a vulnerable consumer and says that he is a student, living off of benefits. Mr H says that under the consumer duty, Nationwide is required to take additional care with vulnerable consumers. However, whilst that may be the case and this means that the FlexPlus may become expensive for him, I don't think that means that Nationwide is required to go so far as to offer the FlexPlus account to Mr H at a reduced cost - which I note is an optional product that Mr H chose to take out in February 2024. It is still ultimately up to Mr H to decide whether he wants to keep paying for the packaged account, despite its increased costs, or whether another account would better suit his circumstances.

I note that Nationwide explained to Mr H that it offers other accounts, including ones without a monthly fee. And I've not seen anything to suggest that Mr H thought he was obliged to keep the FlexPlus account. So, I think Mr H has been given a fair choice to switch to a fee-free account if he is unhappy with the changes to the FlexPlus account that Nationwide notified him about.

In his response to the investigator's assessment, Mr H asked that I consider telling Nationwide to make a more gradual fee increase, a reduced fee for new joiners or that it should make special provisions for vulnerable people. However, this service is not the financial regulator. This means we are unable to dictate to financial businesses how they should run their operations or dictate what accounts or what terms they should offer to their consumers. What I can consider is whether it has acted fairly and reasonably towards Mr H, and in the circumstances, I think it has.

As such, whilst I appreciate that Mr H is unhappy with the increased cost of the FlexPlus account, I am unable to say that Nationwide has acted unfairly or unreasonably in relation to this matter.

My final decision

Because of the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 13 January 2025.

Thomas White
Ombudsman

