

Head of Current Accounts
Nationwide Building Society

From: Colin Garland
Director, Remedies, Business and
Financial Analysis

6 February 2020

Letter to Nationwide Building Society about the Retail Banking Market Investigation Order 2017

I am writing to you to summarise the CMA's understanding of the action being taken by Nationwide Building Society (Nationwide) in response to a breach of Part 6 of the [Retail Banking Market Investigation Order 2017](#) (the Order). Nationwide breached the Order by imposing unarranged overdraft charges on c.70,000 customers without including a warning that unarranged overdraft charges would be imposed.

The affected customers were those who were having difficulty managing their accounts and were either flagged at that time as needing to contact Nationwide in the event they went into an unarranged overdraft or had been flagged as such in the recent past. When each customer affected by the breach triggered an Alert, the Alert sent by Nationwide focussed on encouraging the customer to contact Nationwide to discuss their position. However, the Alert neglected to mention that Nationwide would be charging the customer for entering an unarranged overdraft position and therefore did not comply with the requirements of Part 6 of the Order.

The underlying purpose of Part 6 is to ensure that personal current account (PCA) customers should receive an Alert about unarranged overdraft charges before they incur them. Part 6 of the Order, at Article 25.1 sets out required content for compliant Alerts. A compliant Alert must include reference to the customer incurring charges and, where relevant, inform them of the period of time they have to take action in order to avoid charges. Nationwide's Alerts which did not include this required content were therefore not compliant with the requirements of Part 6 of the Order.

We welcome Nationwide's commitment to refund around £900,000 of charges levied on customers who did not receive a compliant Alert warning about charges and who went on to receive charges for exceeding a pre-agreed credit limit. Nationwide aims to refund the majority of affected customers by 27th March 2020, with refunds concluded by the 29th May 2020. Nationwide has agreed to keep the

CMA and the Financial Conduct Authority, who from 18 December 2019 took on responsibility for Alerts, informed of its progress in refunding customers and provide confirmation when this is complete. We also note that since 11 November 2019 Nationwide has removed all unarranged overdraft charges.

This letter has been published on our website.

Yours sincerely

Colin Garland
Remedies, Business and Financial Analysis