

Nationwide refunds £6m to customers following CMA action

The action comes after Nationwide was found to have broken Part 6 of the CMA's Retail Banking Market Investigation Order 2017, which ensures customers with personal current accounts receive a text alert before banks charge them for unarranged overdrafts. This gives customers time to take action to avoid unexpected charges.

Nationwide admitted contravening the Order 20 times, affecting over 320,000 customers. Some of the problems date as far back as February 2018 from when the Order was introduced.

The CMA has directed Nationwide to take immediate action and improve its practices and compliance with the Order. Any new processes must be audited by an independent body.

Adam Land, CMA Senior Director for Remedies, Business and Financial Analysis, said:

The text alerts we ordered banks to send to customers if they are about to slip into an unarranged overdraft are key to helping them avoid unexpected fees. Nationwide failed to do this on numerous occasions and our action today makes it clear they must fix this as a matter of urgency. It's imperative that these problems are sorted out immediately and that they don't occur again.

Although we are pleased that Nationwide is going to reimburse customers affected, the CMA needs stronger powers for cases like this which is why we are seeking the ability to impose fines when firms breach our Orders.

The CMA is also publishing a letter today to Nationwide about a breach of the Northern Ireland Personal Current Account Banking Market Investigation Order 2008.

Nationwide informed the CMA in June 2019 that, between June 2018 and June 2019, it had failed to provide leaflets on switching Personal Current Accounts to around 120,000 customers in breach of that Order. Although the Order was revoked before the CMA was notified of the breach, Nationwide has committed to provide affected customers with those leaflets.

Notes to editors

1. The [Retail Banking Market Investigation Order](#) came into force in 2018, after the CMA's retail banking market investigation identified a number of competition problems in both the personal current account (PCA) and

small and medium-sized enterprise (SME) banking markets. The order is part of a package of remedies designed to address these problems.

2. The CMA has already issued directions in relation to the Retail Banking market Investigation Order 5 times in 2019. Directions were issued to Bank of Ireland, Danske, HSBC, LBG and Santander who did not deliver all aspects of their App-to-App functionality required as part of implementation of Open Banking, by the date set out in the Open Banking Agreed Timetable and Project Plan. [More details are available here](#).
3. The CMA notes that in over 80% of the incidents identified the customer concerned received a text alert from Nationwide in relation to the risk of a payment not being paid which, if acted upon, would have resulted in the customer avoiding the charge. However, these texts failed to make clear to customers that they could incur charges by failing to take action, which is an important part of the Order.
4. At present, the law prevents the CMA from imposing fines for breaches of either Orders or undertakings. This limits the CMA's ability to ensure these breaches do not recur. However, Andrew Tyrie, Chair of the CMA, requested these powers to ensure proper deterrence as part of a package of wider reforms to the CMA's powers in a letter to former Secretary of State for Business, Energy and Industrial Strategy Greg Clark in February.
5. In December 2018, the Financial Conduct Authority announced new rules on overdraft alerts that would enter into force in December 2019 and on 7 June 2019 the FCA announced reforms to the way banks charge for overdrafts, with the CMA conducting its own complementary review of Part 6, starting in July 2019.
6. All media enquiries should be directed to the CMA press office by email on press@cma.gov.uk, or by phone on 020 3738 6460.