

# CMA secures £900,000 in refunds for Nationwide customers

The move comes after the building society was found to have broken Part 6 of the Competition and Markets Authority's (CMA) Retail Banking Market Investigation Order, which states that customers with personal current accounts must receive a text alert warning of fees before banks charge them for an unarranged overdraft. This gives people time to take action and avoid unexpected fees.

Although Nationwide did send text alerts, these did not contain a warning that customers would be charged. This affected approximately 70,000 customers, known to the building society as having difficulty managing their accounts and so at a higher risk of entering unarranged overdrafts.

It is the second time in 6 months that the CMA has taken action against Nationwide for breaking this Order, having secured [£6 million in refunds](#) for affected customers in August 2019.

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

Banks and building societies that fail to send customers text alerts saying they will be charged if they enter an unarranged overdraft are breaking the rules. The fact that Nationwide is a repeat offender makes it even more serious.

Following our action, it will now repay all affected customers, and quickly.

This is exactly the sort of issue we would expect to fine companies for in future, if the Government gives us the increased powers we've asked for.

Nationwide now has in place an independent auditor to review its processes, as directed by the CMA, and has begun refunding its customers.

The refunds paid by the building society cover all fees incurred by customers from going into unarranged overdraft.

## **Notes to editors**

1. Part 6 of 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 to Nationwide, HSBC and Santander, and written publicly to Santander about breaches of Part 6 of the Order, securing a total of £17m in refunds for customers affected.
3. 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 2019.
4. The Financial Conduct Authority is now responsible for enforcing rules on alerts for unarranged overdrafts, as Part 6 of the Order was removed on 18 December 2019.
5. All media enquiries should be directed to the CMA press office by email on [press@cma.gov.uk](mailto:press@cma.gov.uk) , or by phone on 020 3738 6460.