

The complaint

Ms T complains that Nationwide Building Society wouldn't let port her mortgage product to a house that she was going to share with her partner which was already subject to a Nationwide mortgage. Ms T also complains about Nationwide's poor customer service. Ms T would like the early repayment charge ("ERC") she paid when she sold her property to be refunded.

What happened

Ms T took out a new mortgage product on her existing property in 2019. Ms T and her partner lived in the same village and her partner's property has a mortgage with Nationwide. They decided to move in together in her partner's property, sell her property and Ms T would use the proceeds to buy an equal share of her partner's property. Ms T thought the ideal way to do that was to port her remaining mortgage and use the remaining cash from the sale of her property to purchase her share. This was to avoid an ERC which would be payable on her mortgage.

On March 2021, they had a consultation with a mortgage adviser when it was suggested that this be a joint application with Ms T and her partner but the adviser couldn't proceed with the appointment as she needed to take advice. But on 10 March they were told that Nationwide was unable to help and again on 11 March when Nationwide said that the mortgage product couldn't be ported as there was an existing Nationwide mortgage on the property.

Ms T was unable to satisfactorily resolve the matter with Nationwide and brought a complaint. Whilst our investigator thought there were some service issues that Nationwide should compensate Ms T for and suggested £75, he felt that Nationwide was acting in accordance with the terms of its lending criteria in not allowing the porting application to proceed and recommended that the complaint should be upheld in part. Ms T disagreed saying in summary that Nationwide's criteria allows porting from a joint mortgage to a single mortgage and vice versa and that there would be no problem with Ms T buying a property of her own if the property was already in mortgage to Nationwide.

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.

Ms T had a mortgage product which was portable meaning that if Ms T was able to take out a new mortgage on another property, that she could port the mortgage product to that new mortgage. That's set out at Section 8 of the mortgage offer of 20 November 2019. Getting a mortgage would be subject to meeting Nationwide's lending criteria. The problem as I see it here was that there wasn't going to be a new mortgage on the property. The property was already subject to a mortgage with Nationwide in the name of Ms T's partner who continued to live in the property and would be a joint account holder on the mortgage. What essentially

was happening was that Ms T was buying a half share in the property and Ms T and her partner would continue with the existing mortgage but now as joint account holders. Nationwide's mortgage – or charge - would remain on the property although the name of the account holder would change to joint account holders. That is different to the normal situation where an existing mortgage is redeemed and replaced by a new mortgage.

The missing ingredient for Ms T was a new mortgage to port over the mortgage product to in order avoid the ERC. There would be no new mortgage on the property as there was already a mortgage on the property in Ms T's partner's name. All that was happening in reality was that Ms T was taking over a liability in respect of this mortgage. As Ms T notes Nationwide allows a single mortgage to be ported to a joint mortgage but again that is normally where a customer and partner would have bought a new property with a new mortgage and not as here where they were effectively adding a borrower to an existing mortgage.

Nationwide says that this is not a situation where its lending criteria allows it to facilitate Ms T to port her mortgage product and I don't find that unreasonable and so I'm unable to uphold the main part of this complaint. I note that Ms T identified that there were some service issues where Nationwide could have been more helpful. I accept that to be the case and as compensation Nationwide should pay Ms T £75 as compensation for her disappointment with those aspects of Nationwide's service.

Putting things right

Nationwide Building Society should pay Ms T £75

My final decision

My decision is that I uphold this complaint in part and require Nationwide Building Society to pay Ms T £75.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 20 June 2022.

Gerard McManus
Ombudsman