

The complaint

Ms G complains that when she redeemed her mortgage with Nationwide Building Society, it failed to pay the refund she was due, and it also provided her with a final statement which was inaccurate. Ms G says this has undermined her faith in Nationwide.

What happened

Ms G said she contacted Nationwide because she'd decided to pay off her mortgage. So she asked for a redemption figure. Nationwide provided a figure for redemption on 30 January 2023. Ms G paid that amount, but she paid a few days early, so she expected that she'd get a refund. Ms G said Nationwide told her this would all be done automatically, but it wasn't.

Ms G said when the refund didn't arrive, she rang again and asked for a mortgage statement. The statement set out a nil balance, and didn't reflect the refund she knew was due, so Ms G said that was worrying. She asked for a report showing how interest was calculated throughout the duration of her mortgage, but said she still hadn't received that.

Ms G said she'd got Nationwide's complaint response, but she thought what Nationwide said about why it hadn't picked up the refund due was just an excuse. She felt it hadn't provided an explanation.

Nationwide said that it was sorry it hadn't provided the service Ms G expected. It confirmed that Ms G had paid off her mortgage a few days before the date it expected, so the redemption figure included some extra interest that Ms G didn't owe. Nationwide said it had suggested Ms G call back if she was going to pay earlier, to get a revised figure.

Nationwide said it owed Ms G £3.12 after her redemption was processed, but that wasn't reflected on the closure statement it sent her, as the statement assumed closure on the date she'd requested. It had now paid this refund to her. It felt that her complaint, about delays in arranging her refund and about the closure statement, was justified, and it paid her £75 to apologise for what had gone wrong.

Our investigator didn't think this complaint should be upheld. He said he could understand why Ms G was concerned, both that she didn't get the refund automatically, and that Nationwide sent her a statement which included a mistake. But he said Nationwide had explained what had gone wrong. It had given her a redemption figure for 30 January, and she'd paid four days earlier. So there was a slight overpayment. Nationwide's systems don't pick up an overpayment of less than £10 automatically, so the money wasn't refunded right away. And the closing statement was calculated including the extra four days of interest, so it was wrong too.

Our investigator noted that Ms G said she now didn't know if this refund, or even the rest of the interest charged on her mortgage, were right. He said he did think Nationwide had calculated Ms G's refund correctly. And he said our service doesn't audit mortgages, so we can't review that for Ms G.

Our investigator explained that we can't make Nationwide change how it works out all the mortgage redemptions it receives, we can only look at what happened in Ms G's case. And here, he thought Nationwide's payment of £75 did provide a fair and reasonable outcome to this complaint.

Ms G didn't agree. She said this was about the principle, she thought Nationwide had sent her a fraudulent statement. She wanted an ombudsman to consider her complaint, so it was passed to me for a final 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.

I've reached the same overall conclusion on this complaint as our investigator.

I understand that Ms G was concerned not to just receive the refund she was due when she paid off her mortgage, without having to repeatedly chase that. I can see that Nationwide accepts it made mistakes here, both because it didn't provide Ms G with a refund right away, and because the closing statement it provided doesn't reflect the refund which was due. I think Nationwide has explained why this wasn't processed accurately in the first place.

I think it was also unhelpful here that Nationwide gave Ms G reassurances that her refund would be done in due course, when it appears as if a refund of this size wouldn't be processed automatically.

I realise Nationwide's earlier mistakes have led Ms G to question what Nationwide says now. But like our investigator, I do think it's likely the refund paid to Ms G is right, as that fits with the daily interest calculation I can see Nationwide used to work out her redemption figure.

Nationwide has explained what went wrong, it has apologised to Ms G, and it's paid her £75 to say sorry. Like our investigator, I think that provides a fair and reasonable outcome to this complaint.

I realise that Ms G feels her faith in Nationwide has been shaken, and she's now concerned that her mortgage may have been incorrectly administered before this. But unfortunately, as our investigator explained, our service isn't able to look back over the whole history of Mr G's mortgage, and audit that mortgage for her. I'm afraid that isn't in keeping with our role here, which is to provide an informal dispute resolution service. I'm sorry we're not able to help Ms G with that.

I've looked at what happened when Ms G's mortgage was redeemed. I do think Nationwide made mistakes, as Ms G said. But I also think it has taken steps which provide a fair and reasonable outcome to her complaint. For that reason, I don't think Nationwide has to do any more now. So, although I know Ms G will be disappointed, I don't think her complaint should be upheld.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 15 January 2024.

Esther Absalom-Gough
Ombudsman