

The complaint

Ms C's complaint arises out of a mortgage she used to hold with Nationwide Building Society. Ms C says that Nationwide failed to give her adequate notice of the expiry of the fixed interest rate product on her mortgage, nor any information about other interest rate options available to her.

Ms C said she had been thinking about repaying the mortgage, but then discovered she needed to make urgent home repairs. Nationwide's lack of response caused her considerable stress while she was weighing up her options. Eventually, frustrated at Nationwide's failure to reply to her queries, Ms C repaid the mortgage from her savings, which she said has left her with inadequate funds for her repairs.

To settle the complaint, Ms C would like Nationwide to accept it made mistakes and apologise. Ms C would also like Nationwide to compensate her for the stress and trouble she had dealing with it.

What happened

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Ms C being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

Ms C had a mortgage with Nationwide taken out in February 2018. It was initially for an amount of £156,000 over a term of 14 years on a capital repayment basis, but by the time of the events in question, the repayment date was August 2024, and the balance was around £12,300, due to overpayments Ms C had made throughout the term.

The mortgage was on a fixed interest rate product of 1.49%, taken out on 1 March 2021 and which was due to expire on 28 February 2023. Ms C spoke to Nationwide on 3 January 2023 to discuss her options. Ms C explained that her existing fixed rate was due to expire at the end of February 2023, and previously when her fixed rate products were due to end, Nationwide had contacted her several months in advance, but she'd heard nothing.

Nationwide checked to see what letters had been generated on the account, but couldn't see a recent letter about expiry of the fixed rate. Ms C explained that she would refer to the Financial Conduct Authority (FCA) handbook, because she believed Nationwide was in breach of its regulatory obligation to provide her with information about when the rate was due to expire.

Nationwide said it would arrange for a letter to be sent to Ms C. In addition, Nationwide provided the account balance, and confirmed Ms C would be able to pay off the mortgage by

the Faster Payment method. Nationwide clarified that if Ms C wanted to pay off the mortgage, there would be no early repayment charge if it was paid off in the last month of the fixed rate product.

Ms C had to chase Nationwide for a response, and during the time Ms C was waiting to hear from Nationwide, she discovered she needed to carry out repairs on her home. Ms C therefore needed to know what her options were.

On 3 February 2023 Ms C paid off the mortgage. However, a system-generated letter had also been generated, dated 7 February 2023, confirming that the mortgage interest rate product was due to end on 28 February 2023 and that her new interest rate would be 6.99%.

Ms C complained to Nationwide. She said that Nationwide had failed to provide her with sufficient notice of the new interest rate on her mortgage – in the past when previous products were due to expire, she'd been contacted several months before so she could lock in a new interest rate product, but this hadn't happened. Ms C was also unhappy that her requests for callbacks weren't actioned, and that a redemption statement wasn't issued when requested.

Nationwide telephoned Ms C to discuss the complaint. Nationwide explained that its policy was to give four weeks' notice. Ms C wasn't happy with this, saying that Nationwide's policy was not in compliance with the regulations, and that this was insufficient time for her to arrange a new mortgage elsewhere.

In its final response letter, Nationwide acknowledged that its customer service could have been better, and sent Ms C a cheque for £50 to compensate her for the poor service Ms C had received. Nationwide said *"please accept my apologies for this, as this isn't the level of service we aim to provide..."*

Dissatisfied with Nationwide's response, Ms C raised her complaint with our service. An Investigator looked at what had happened but thought, overall, that £50 compensation was fair. He said that there was no regulatory obligation for Nationwide to provide Ms C with a specific notice period of when her interest rate was due to expire. The Investigator was satisfied that when Ms C had spoken to Nationwide in January 2023, her intention was to redeem the mortgage. Given this, he didn't think Nationwide's failure to mention what the follow-on rate would be was something for which Ms C should be compensated.

The Investigator also explained that, due to the fact there was less than two years remaining on the mortgage term, a new fixed rate product wouldn't have been available in any event, as this was less than the minimum term on Nationwide's fixed rate products.

Ms C disagreed with the Investigator's findings and asked for an Ombudsman to review the complaint. She said that Nationwide failed to follow its own procedures, as it was supposed to give her one month's notice of changes to her mortgage, but it didn't do so.

With regard to there being no new fixed rate products available because of the length of the mortgage term, Ms C said: *"I don't know where you are coming from with this statement. They are obliged to tell me about my options regardless of what they are when there is going to be a change to my arrangement with them. Nationwide did not tell me that they could not offer me another fixed rate. I only discovered this after I had chased them several times and they eventually sent me a link to their website..."*

Ms C said that the Investigator hadn't understood her complaint failed to answer her questions.

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'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes and systems, enforce regulatory compliance or oversee how they operate generally; that's the role of the FCA. Given this, whilst I've noted Ms C's focus on what she says is a failure of regulatory compliance by Nationwide and her dissatisfaction with its internal processes, these are not matters that fall within the remit of the Financial Ombudsman Service.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else, but in doing so, we have to work within the rules of the Financial Ombudsman Service and the remit those rules give us.

I will begin by explaining that mortgage account administration is largely a computerised process. When triggered by activity on the account, system-generated letters are sent to customers, for example, annual mortgage statements, or if there are missed payments, arrears letters.

I have seen the annual mortgage statement for 2022 sent in January 2023. The statement explains that Ms C's mortgage interest rate product will expire on 28 February 2023. I'm satisfied Ms C was aware, from the call she had with Nationwide on 3 January 2023, that her rate was due to finish at the end of February 2023.

Generally, where a product is on a fixed rate that is about to expire, a system-triggered letter would be sent inviting the customer to look at available products so they can, if they wish to, select a new fixed rate. However, Nationwide's minimum fixed rate term is two years. Because Ms C's mortgage had less than two years left to run, there was no new rate available. Given this, I'm satisfied that the system would not have generated a letter inviting Ms C to apply for a new interest rate product.

The crux of Ms C's complaint is not that she didn't know her rate was due to end on 28 February 2023. There is no dispute that, when Ms C spoke to Nationwide on 3 January 2023 she already knew this as it's one of the first things she mentioned. However, Ms C says that she says that Nationwide failed to give her sufficient notice that her interest rate product was due to end on 28 February 2023, and that this is a regulatory breach. Ms C says that, with her background in financial compliance, she knows that Nationwide's policy of giving one month's notice is not in compliance with the Mortgages and Home Finance: Conduct of Business Sourcebook (MCOB). This, therefore, is Ms C's complaint – that Nationwide's policy is non-compliant with MCOB.

As I said above, I can't tell Nationwide how to run its business, or what processes it should have in place; it's a matter for the FCA to intervene if it considers Nationwide's policies do not comply with MCOB. I don't have any power to do that.

Nationwide said it would give Ms C four weeks' notice of the expiry of the interest rate product (so it should have done this on 1 February 2023), but I can see that this didn't happen. However, as I've already noted, Ms C knew well before 1 February 2023 when her rate was expiring. I also note that events had somewhat overtaken the technical point Ms C was making concerning the length of notice that she believed should be given, because the

mortgage was redeemed on 3 February 2023, with the letter about the rate expiring being generated after that, on 7 February 2023.

Overall, whilst Nationwide didn't send Ms C a letter on 1 February 2023 about her rate expiring, I'm not persuaded she has suffered loss or detriment as a result. This is because I'm satisfied, from her phone conversation with Nationwide on 3 January 2023, that Ms C already knew her rate was expiring at the end of February 2023. Whilst it's correct that Nationwide didn't tell Ms C of any other interest rate products that were available (because there were none), it was always open to Ms C to look on Nationwide's website to see what (if any) interest rate products might have been available.

I'm satisfied that Nationwide didn't call Ms C back when it said it would and that she had to chase the redemption figures, and as a result was caused some inconvenience by this. I think the £50 previously offered by Nationwide is fair and reasonable for its customer service failings, and I don't require Nationwide to do anything further.

I also note that Ms C wanted an apology from Nationwide, which it gave in its final response letter. I am therefore not going to order Nationwide to issue a further apology.

My final decision

My final decision is that if it has not already done so, Nationwide Building Society must pay Ms C the £50 compensation it offered in its final response letter in full and final settlement of this complaint. I make no other order or award.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 4 March 2024.

Jan O'Leary
Ombudsman