

The complaint

Miss B and Mr T complain that Nationwide Building Society didn't tell them there was a cut-off date for changing their mind about a fixed interest rate deal which was just about to be applied to their mortgage. They said they lost out because of this.

What happened

Miss B and Mr T said the fixed interest rate period on their existing mortgage product finished on 31 March 2023. They started looking at other mortgage options at the end of 2022, and chose a new fixed interest rate product on 2 November 2022. Mortgage rates then fell, so they contacted Nationwide again on 23 January 2023 and cancelled their existing booked rate. They booked a new, cheaper rate on 28 January. Mortgage rates fell again, and Miss B and Mr T changed again, cancelling their existing product on 6 March and taking out a new rate on 10 March.

They then said rates fell again, so they contacted Nationwide on 27 March 2023, and asked to cancel their existing reserved rate. The advisor said then that while they could still cancel their reserved rate, they were past the cut-off date to apply a new rate immediately their old one finished, at the end of that month. So they would have to pay Nationwide's Standard Variable Rate ("SVR") for one month, then they could have the rate they wanted.

Miss B and Mr T said that on their mortgage, the SVR would be £991.02. So they said they felt they had no choice but to stay on the fixed rate they had already reserved, even though the new rate available would have saved them £10 per month.

Miss B and Mr T said they couldn't see that Nationwide had ever told them there was a cut-off date, beyond which they couldn't ask to change their rate and have that implemented right away. And when they complained, they said Nationwide just told them it didn't think it had done anything wrong. They said Nationwide had just told them their mortgage is self-managed, so Nationwide said it was a courtesy to notify them of any cut-off dates. It hadn't done so in this case, because they already had a product selected.

Miss B and Mr T didn't think that was fair, and they asked how they were supposed to self-manage their mortgage, if Nationwide hadn't given them this important piece of information. They wanted Nationwide to put them onto the lower fixed-rate option which was available when they called on 27 March, and which they said they should have had access to, if they'd been informed about the cut-off date.

Nationwide said that Miss B and Mr T had arranged several future dated product switches ahead of their original mortgage product expiring on 31 March 2023. These were cancelled as rates changed over the course of time. But Nationwide said that when the rates changed towards the end of March 2023, there wasn't enough time to cancel the existing switch deal and reapply before it was due to start 1 April 2023.

Our investigator didn't think this complaint should be upheld. He said he appreciated Miss B and Mr T didn't receive any documents which highlighted the cut off period, but that was

because they already had a new mortgage deal in place. So Nationwide didn't write to remind them to take out a new product. He said that Nationwide had actioned each of the requests Miss B and Mr T had made to change their product, since they first reserved one. And it didn't refuse to do so on this occasion either, but what it did say was it didn't have time to do this before their existing product ended. Our investigator didn't think that was unfair.

Miss B and Mr T disagreed. They said Nationwide, like other mortgage lenders, was required to be clear and transparent in all dealings with its customers. They had made three separate mortgage applications, received three separate offer documents, and had two direct phone contacts with Nationwide, and had never been told there was a cut-off date to apply for a new mortgage product. They didn't think Nationwide had complied with its duties towards them, and said they were directly disadvantaged by being unaware of the cut-off date.

They said there was just no way for them to have known about this. And they said Nationwide had now added information to its mortgage page to say that if a customer wants to switch, they have to cancel on or before the 20th of the month prior to the new deal taking effect. They said that information was not available at any point when they were looking for a new mortgage deal.

Our investigator didn't change his mind. Because no agreement was reached, this case then came 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.

Miss B and Mr T said Nationwide had updated its website page on remortgaging, providing new information on when a prebooked deal can be cancelled. I can see that Nationwide's policy on cancelling reserved mortgage deals has changed. Customers who applied on or before 25 June 2023 were given up until the last working day before their new deal was due to start, to tell Nationwide they wanted to cancel. But customers applying after this have to give notice on or before the 20th of each month. I don't think this change is likely to have been made as a result of Miss B and Mr T's complaint.

When Miss B and Mr T asked Nationwide to cancel their third chosen fixed rate option on 27 March 2023, they were entitled to ask for the deal to be cancelled. And Nationwide appears to have acted in line with its policy at the time, because it said to them that it would cancel their booked deal if they wanted. However, it also said it simply didn't have time to set up any new deal for them, so that it would dovetail neatly with the end of their existing deal. If they wanted to choose a new deal, this close to the end of their old one, they would have to pay Nationwide's SVR for one month, while it set up the new deal for them.

Miss B and Mr T chose not to do that. They said their existing deal would make them around £10 worse off each month, for the five year fixed interest period they had opted for. So they may have been better off choosing this option in the longer term. But they chose to keep their existing deal, rather than face a much larger bill for one month, then start the lower rate.

Miss B and Mr T's argument would appear to be that Nationwide ought to have told them when the latest date was that they could change their mind about their existing mortgage deal, and opt for a new deal instead, and still have their new mortgage interest rate applied immediately that their old deal ended. They haven't explained what difference this would

have made, in this case. I can see the new rates weren't available until Friday 24 March, and Mr T and Miss B spoke to Nationwide on the next working day, Monday 27 March, so it's not clear that Miss B and Mr T were aware of these changes earlier, and would also have been in a position to contact Nationwide earlier, if they had been aware that any change at such a late stage meant there was a risk they would have to pay the SVR for a month.

And, most importantly, I don't think Nationwide had to set out expressly for Miss B and Mr T the information they think it should have shared. I think it was reasonable for Nationwide to say that it would take a few days to set up a new mortgage deal, if the existing one was cancelled, and that if customers chose to cancel a booked deal less than five full working days before the end of their existing fixed rate, it might not have time to do that before the next payment was due. I also think it was reasonable for Nationwide to expect Miss B and Mr T to have anticipated that this might be the case. So I don't think that Nationwide has failed to keep them properly informed here about their mortgage, and the options they had.

Overall, I think Nationwide responded fairly and reasonably to Miss B and Mr T's request on 27 March 2023 to cancel their existing fixed rate. It offered to make the changes they wanted, but explained the constraints it was working under. I've explained I don't think Nationwide had to anticipate this request, and also anticipate that Mr T and Miss B would not realise this might be the case, so that Nationwide should have explained these particular constraints to Mr T and Miss B in advance.

I think Miss B and Mr T then made their own decision about whether to cancel their existing rate, or not. I understand they may have had concerns about meeting the full cost of the SVR for a month, but I still have to bear in mind that they opted not to do so. I don't think it would be fair and reasonable, in the circumstances of this case, for me to require Nationwide make the changes they want to this mortgage now.

I know Miss B and Mr T will be disappointed, but I don't think this 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 Miss B and Mr T to accept or reject my decision before 22 April 2024.

Esther Absalom-Gough

Ombudsman