

The complaint

Mr D complains that Nationwide Building Society did not give him accurate information about his mortgage.

What happened

In 1999, Mr D took out an interest only mortgage with Derbyshire Building Society, which is now part of Nationwide.

Mr D has kept a nominal balance of around £100 on the mortgage. But when he spoke to Nationwide in late 2023, he discovered the balance had gone up to £101.09 from £97.25.

Nationwide said that was because it does not recalculate monthly payments when a mortgage balance is lower than £200. As interest rates went up, the payment Mr D was making wasn't enough to cover all of the interest applied – so the balance went up. Mr D repaid the mortgage. Nationwide refunded the additional £4 the balance had gone up by.

Mr D complains that Nationwide did not tell him what the correct monthly payment was – so he underpaid on the mortgage. He said Nationwide had not competently managed the mortgage and that had caused financial damage. He wants compensation for his time, inconvenience, costs and stress.

The investigator did not think the complaint should be upheld. Mr D did not accept what the investigator said.

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 agree that Nationwide has not shown us it gave Mr D enough information to understand that it would not recalculate payments on his mortgage when interest rates changed. I think it ought to have done so, especially since July 2023 when it had a duty to make sure it gives customers the information they need, at the right time, presented in a way they can understand.

The statements did show the total interest applied and the total payments received. So it would be reasonably clear if the payments were not covering all of the interest.

The payments Mr D was making did not cover all of the interest on his mortgage from around June 2022. That meant his balance went up from around £97 in 2015 to just over £101 when he repaid the mortgage in 2024. His financial loss was £4 at most. Nationwide has already refunded that to him. I don't see how I could reasonably award more compensation in view of the amount at stake here. In all the circumstances I consider Nationwide's refund was a fair way to settle the complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 23 April 2024.

Ken Rose
Ombudsman