

The complaint

Mr and Mrs G complain that they made plans to move house, based on a mortgage settlement figure given to them by Nationwide Building Society. But then, just before they moved, they found out Nationwide had got this wrong, and they owed more.

What happened

Mr G said that on 10 January 2023, he asked Nationwide for the balance on his mortgage. The call handler gave him a final settlement figure of £41,877.90. Mr G had offered a figure much higher than this, so he asked Nationwide if it was sure, and was told it was.

Mr G said later that year, he and Mrs G decided to downsize their home. This would allow Mrs G to further reduce her working hours, which she'd already had to cut due to illness. Mr and Mrs G worked out, using Nationwide's figures, that they could downsize and repay their mortgage, leaving them debt free, and Mrs G better able to manage her condition.

Mr and Mrs G accepted an offer on their home, and put in an offer on a different property. Mr G said he then contacted Nationwide again to get a settlement figure for the mortgage, and were told that the final balance was more than £44,000. Mr G said that couldn't be right, because it was more than he'd been told in January. The call handler then said that if Mr G had been told this earlier in the year, the person he spoke to hadn't included the second part of their two-part mortgage in the settlement figure.

Mr and Mrs G said their sale and purchase was going ahead, and they suddenly realised they wouldn't have enough money to clear all of their commitments. They complained, and Nationwide said it accepted Mr and Mrs G had been given the wrong amount in January.

Mr G explained the effect this was having on them (and on Mrs G in particular, as stress is a factor for her condition) and that they were trying to arrange a loan from a family member so they could still make good on all their outstanding commitments. He also said Mrs G now probably couldn't reduce her working hours in the way she'd hoped. Mr G said he and Mrs G would not have sold the property that year if they had been made aware of the true figure.

Nationwide said Mr G had been sent an annual statement in January which gave him the correct figure. Mr G said he didn't get that, and if he had, he would have called right away to ask why the figures didn't match what he had been told.

Mr G said Nationwide offered a settlement of £250. When Mr G refused this, Nationwide said it could offer up to £300. Mr G said he wanted our service to look into this.

Nationwide has accepted it gave Mr G wrong information when he called on 10 January 2023 to ask about his mortgage balance. It said Mr G had been given the balance of only one of the two parts of his mortgage. It noted that at the time, Mr G said the amount was better than he thought it was.

Nationwide said in January 2023, it also sent Mr G a mortgage statement for the year ending 31 December 2022. Mr G didn't recall receiving this, but Nationwide said it was correctly

addressed. That statement set out the closing balance for both accounts. So Nationwide thought Mr G would have known the balance given to him on the January call was lower. Nationwide said it was sorry about the mistake, and repeated its offer of £300.

Our investigator didn't think Nationwide had to do more than this. He said it was unfortunate Nationwide had given Mr G wrong information. He hadn't listened to the call, but he said Nationwide had accepted it made a mistake. Our investigator said mistakes do sometimes happen, but here, Nationwide had taken ownership for the mistake, apologised and offered compensation. Our investigator said Nationwide had made one, large, mistake, so he thought Nationwide's offer of £300 was fair.

Our investigator said he appreciated this mistake caused Mr G stress and inconvenience, but the additional balance was needed to redeem the mortgage. Just because Nationwide made a mistake about this, doesn't mean it had to waive the extra money from Mr G's mortgage balance.

Our investigator said he understood Mr G said he hadn't received the mortgage statement sent to him, but our investigator said it was correctly addressed to the property he resided in at the time. So if it wasn't delivered, that wasn't Nationwide's fault.

Our investigator said that we couldn't know if Mr G would still have gone ahead with plans to downsize, if he'd been given the right figure in January. He appreciated that Mr G might be disappointed, but he thought £300 was reasonable compensation in this case.

Mr G objected. He thought Nationwide should pay quite considerably more than this. Mr G's legal advisor then contacted us, to say Mr G paid £4,613.50 in bank fees, legal fees and estate agent fees for the sale and purchase of the property. She said without Nationwide's mistake, Mr and Mrs G wouldn't have done this. And Mr G had to borrow money from family to complete the sale. The legal advisor said she felt Mr G should be reimbursed for the costs he'd incurred, and she said that fit with her understanding of the law.

Because no agreement was reached, this case then came to me for a final decision. And I then reached my provisional decision on this case.

My provisional decision

I issued a provisional decision on this complaint and explained why I did propose to uphold it. This is what I said then:

In its letter responding to Mr G's complaint, Nationwide said Mr G was sent a statement in January, and that he "...*would've known the balance given to you during your call on 10 January 2023 was lower.*" It also said that "*At the time, you said the amount was better than you thought it was.*"

It appears Nationwide felt Mr G was likely to have been aware that a mistake was made on this call. But I've listened to the call Mr G had with Nationwide on 10 January 2023, and I don't think that is likely. On that call, Mr G did say the balance Nationwide gave for his outstanding mortgage was much lower than he thought (and we know this was under the actual figure, by about 15%). But on that call, Mr G told Nationwide what he thought he owed, and the figure he gave was an overestimate of the actual figure, by more than 15%.

So I don't think Mr G had seen his annual statement for this mortgage, or that he knew Nationwide had made a mistake on this call.

Mr and Mrs G then made plans, based on the information Nationwide gave them on this call.

I understand Nationwide says it also sent Mr G an annual statement, and presumably also did in previous years. So I need to take into account, in reaching a resolution in this case, that Mr G doesn't appear to have been keeping a close eye on his borrowing. But I also need to take account of the call Mr G had with Nationwide, and that it should have been clear to Nationwide on that call that Mr G wasn't otherwise aware of how much his debt was.

Mr G had rung Nationwide with a straightforward question, and received a clear answer. So, on balance, I don't think it was unreasonable for Mr G to rely on the answer he was given on that call, when he made his subsequent plans to move home.

Mr G then called for a final figure to redeem his mortgage, some months later. By that time, the documents he has shown us do make me think that he and Mrs G were already legally committed to the sale of their home.

Mr G has also provided medical evidence of Mrs G's condition. And he has shown us evidence of a pre-existing standing order, to pay off the loan he took from family.

Like our investigator, I don't think that means Nationwide has to simply waive the extra balance that it missed out of Mr G's redemption figure in January. That money isn't just a debt that Mr and Mrs G have to unexpectedly pay back. It's also money they have spent on their new home. I don't think it's fair to just ask Nationwide to cover all of that cost.

Nor do I think it would be fair to ask Nationwide to pay the sale and purchase costs that Mr and Mrs G incurred. Mr G said if he'd known the true figures, he wouldn't have downsized yet, but it does appear as if he and Mrs G were considering this for the future, and those costs would always have been incurred whenever Mr and Mrs G eventually moved home. So I don't think that would be a fair resolution in this case.

Ultimately, Mr and Mrs G have achieved their goal of downsizing, and do have the benefit of no monthly mortgage payments. Although they are having to repay a loan from family, this fortunately appears to be a much smaller monthly commitment, which will be repaid much sooner than their mortgage would have been. Once that is resolved, I hope Mrs G will then be able to reduce her working hours in the way she wanted.

For those reasons, I don't think a payment of several thousand pounds would be a fair and reasonable solution to this complaint.

But I don't think that a payment of £300 is a fair and reasonable solution either.

I think Nationwide should do more to recognise the impact its mistake has had, in these particular circumstances, including the health condition that Mrs G was seeking to manage through downsizing. I do think, as our investigator said, that this was one mistake, but I also think the impact here was significant, and will continue to be felt over a period of time. For that reason, I will ask Nationwide to pay £1,250 in compensation.

I invited the parties to make any final points, if they wanted, before issuing my 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.

Both sides replied to accept my decision. Neither side has offered any further evidence or argument, and I haven't changed my mind. I'll now make the decision I originally proposed.

My final decision

My final decision is that Nationwide Building Society must pay Mr and Mrs G £1,250 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mr G to accept or reject my decision before 17 July 2024.

Esther Absalom-Gough
Ombudsman