

## **The complaint**

Mr and Mrs D's complaint is against Nationwide Building Society.

Mr and Mrs D say that shortly before completion of the purchase of their new property with a mortgage from Nationwide, they became aware that Nationwide had a product with a lower interest rate. Mr and Mrs D say that if Nationwide had told them that this rate was available, they would have had plenty of time to secure it before completion. As a result, Mr and Mrs D believe the mortgage has been mis-sold.

To settle the complaint, Mr and Mrs D expect Nationwide to honour the lower interest rate product that was available at the time of completion of their purchase.

Mr D has dealt with the complaint throughout.

## **What happened**

Mr and Mrs D were purchasing a property with the aid of a mortgage from Nationwide. They'd applied for, and been offered, a mortgage over a 12-year term, with an initial five year fixed interest rate product of 4.95%. Completion of the purchase and mortgage was due to take place on 14 December 2023.

On 8 December 2023 (a Friday) Mr D noticed that Nationwide's interest rates had gone down and that it was now offering a five-year fixed rate of 4.25%. Mr D contacted Nationwide at 16:41 on 8 December 2023 and asked if that rate would be available for him and Mrs D. He was told that it would, and he spoke to Nationwide the following day. Nationwide said that Mr and Mrs D would need to apply for the new product but Nationwide couldn't guarantee that a mortgage offer would be issued before the completion date of 14 December 2023.

Mr and Mrs D decided not to go ahead with a new application, because they might have lost their purchase if a new offer couldn't be put in place in time. Mr and Mrs D complained. They were unhappy not just about missing out on the lower interest rate, but also because Nationwide hadn't proactively contacted them to tell them it had a lower interest rate available that they could have applied for.

In its final response letter, Nationwide said that changes can be made to a mortgage offer, including the interest rate product, but that this has to be done in a timely manner. Nationwide also said that it wasn't part of its process for mortgage advisers to contact applicants to let them know of rate changes.

Dissatisfied with Nationwide's response, Mr and Mrs D complained to our service. An Investigator looked at what had happened, but didn't think Nationwide had acted unfairly. The Investigator didn't think Nationwide would have had sufficient time to process a new interest rate product for this mortgage before completion. He also didn't think that there was any obligation for Nationwide to contact customers when interest rates changed.

Mr and Mrs D disagreed and asked for an Ombudsman to review the complaint. Mr D said that Nationwide has a regulatory obligation to avoid causing foreseeable harm to customers,

as a result of which it has failed in its obligations to provide the high levels of protection and clear communication he and Mrs D are entitled to under the Consumer Duty.

Because the complaint is unresolved it falls to me to issue a 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.

Having done so, I've reached the same conclusion as the Investigator, for broadly the same reasons.

The new interest rate product Mr and Mrs D wanted to apply for was announced in a press release issued in the late afternoon of 7 December 2023. The press release explained that new interest rates would come into effect, the following day, 8 December 2023. This included the five-year 4.29% fixed rate that Mr D became aware of on 8 December 2023.

An application for a new rate isn't simply a matter of clicking a button. There are administrative steps to go through, and Nationwide has confirmed that this can take several days. Mr and Mrs D already had a mortgage offer in place at the rate they had previously chosen, so that offer would need to be rejected or withdrawn and a new mortgage offer applied for. I don't find this to be unreasonable.

Nationwide was willing to go ahead with an application for the new rate, but Mr and Mrs D didn't want to risk missing the agreed completion date. I make no criticism of Mr and Mrs D for making this decision, as time was very short and a late completion comes with costs, which would more than likely have outweighed any potential saving offered by the lower interest rate product.

Mr D has argued that Nationwide's failure to contact him about the new interest rate announced on 7 December 2023 is a breach of the Consumer Duty. Mr D says that Nationwide is required to take appropriate action to mitigate the risk of actual or foreseeable harm, for example by updating information about a product. Mr D also says that Nationwide has failed to provide the high level of protection he and Mrs D were entitled to, and that Nationwide's lack of transparency has resulted in harm.

The Consumer Duty is a new regulatory standard introduced in July 2023 on how, amongst other things, businesses communicate with their customers, and inform them and support them in reaching their financial goals. I've considered how the Consumer Duty might apply to this complaint. Having done so, I'm not persuaded Nationwide has acted unfairly. I say this for the following reasons.

Customer-facing staff (including mortgage advisers) are not made aware of new interest rate products until they are announced, and the rate Mr and Mrs D wanted wasn't announced until late afternoon on 7 December 2023. I'm satisfied Nationwide's mortgage advisers aren't required to search through every pending case to see if new products might benefit a specific customer, and then contact the customer to see if they want to apply for a new rate.

When giving mortgage advice, Nationwide should recommend the most suitable product available at the time of the advice – which is what Nationwide did. Reviewing every live offer

and re-opening advice that's previously been given every time interest rates change isn't something I'd reasonably expect Nationwide to have to do.

The issuing of a mortgage offer means the rate set out in the offer is guaranteed (unless the offer expires) even if interest rates change in the meantime. I wouldn't expect Nationwide to have changed the rate in their offer if interest rates had risen instead of falling either. That's why it wasn't just a question of amending the existing mortgage offer administratively. A new interest rate means a new mortgage application leading to a new mortgage offer.

But in any event, even if Nationwide *had* contacted Mr and Mrs D on 7 or 8 December 2023 to tell them they might be able to apply for a new rate instead of the one they'd already secured (and, as stated above, I'm satisfied Nationwide wasn't under any obligation to do so), the timeline would have been no different. Mr and Mrs D would still have run the same risk of missing their completion date.

I've also looked at UK Finance's lender's handbook, which states that solicitors are required to submit the Certificate of Title to Nationwide at least five working days before the completion date. Submission of the Certificate of Title is confirmation that the borrower has chosen to proceed with the mortgage offer, and as a request for Nationwide to release the funds to the solicitors.

Given these requirements, I think it's likely that by the time Mr D had seen the new interest rate product late on 8 December 2023 the solicitor would already have submitted the Certificate of Title in readiness for completion on 14 December 2023, five working days away.

In the circumstances, I don't think Nationwide has treated Mr and Mrs D unfairly. Nationwide was always willing to consider switching the interest rate. Even though Nationwide didn't tell Mr and Mrs D (and, as explained Nationwide wasn't required to), they found out about the new rate on the day it was issued. It was Mr and Mrs D's decision not to ahead with an application for this, given the risk involved. There simply wasn't enough time left to be sure a new mortgage offer could be put in place by the completion date.

I know this isn't the outcome Mr and Mrs D were hoping for. But after careful consideration of all the evidence, I'm unable to find Nationwide has acted unfairly or unreasonably. This means that I'm satisfied the mortgage wasn't mis-sold.

### **My final decision**

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

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 Mr and Mrs D to accept or reject my decision before 11 December 2024.

Jan O'Leary  
**Ombudsman**