

## **The complaint**

Mr J complains that Nationwide Building Society applied an interest-only concession and a new lower interest rate to a mortgage that he holds jointly with another person. Mr J said he didn't agree with these changes being made to the mortgage.

## **What happened**

This complaint deals with a joint mortgage, but in the circumstances of this case, our service has agreed to consider this complaint brought by Mr J alone.

Mr J said that he and the other person named on the mortgage were currently engaged in divorce proceedings. Mr J said that his wife's solicitor had asked him if the mortgage could be changed to interest only, under concessions made available through the mortgage charter. But Mr J said he'd refused.

Mr J said he then spoke to Nationwide, to confirm that any changes to the mortgage would require his consent, and to let Nationwide know he wouldn't consent.

Mr J said that on 23 February 2024, Nationwide wrote to say it had made changes to his mortgage. Mr J said that his wife had placed the mortgage onto a tracker rate, without his consent, from 1 March 2024. Mr J said this change was supposed to be cancelled, but Nationwide reinstated it. Nationwide eventually told him that because the tracker rate was lower than the Nationwide standard variable rate ("SVR") and not subject to any early repayment charge ("ERC") that his wife could secure the new product without his consent, as it wouldn't adversely affect him financially.

Mr J said after this, he found out that the mortgage had also been put onto an interest only concession on 1 February 2024, in line with the mortgage charter, again without his consent, but this time also without even notifying him of the change. Mr J said when he contacted Nationwide to object, it then repeatedly confirmed this concession had been removed. So he told his legal team to inform his wife's legal team of this. But he said that the interest only concession was then reinstated, and Nationwide said it would remain in place.

Mr J said he'd complained, but Nationwide just offered him £100 for the inconvenience, which Mr J said was insulting. And Mr J said Nationwide had disregarded that his mortgage balance would increase, without his agreement.

Mr J said he wanted Nationwide to compensate him for its lack of communication, the wrong information it gave him, and the losses he'd experienced because the mortgage charter interest only concession had caused an increase in his mortgage balance. And he wanted Nationwide to confirm the interest only concession would not be extended.

Nationwide said that under certain circumstances, it was able to go ahead with changes to a joint mortgage based on consent from one party only. It had applied an interest only concession to this mortgage, under the provisions of the mortgage charter, a government back scheme designed to give more options and support to people struggling with their mortgage payments. Nationwide said that it had written to Mr J about this, and it would send

him a copy of the letter it had issued.

Nationwide said that it could see there had been confusion around whether the interest only concession should be cancelled. It apologised, and offered Mr J £100 for that.

Our investigator didn't think this complaint should be upheld. He said that when there's a dispute between joint account holders, the lender has to consider the circumstances of both account holders and seek to act in their best interests. He thought Nationwide had done that. It put the mortgage on interest only for a short period, and moved it onto a tracker product which offered a lower rate than the SVR, without adding an ERC to the mortgage.

Our investigator said lenders can sometimes agree to a rate or a concession based on one party's consent. The Interest only concession under the mortgage charter is a one-time concession and would not be extended.

Our investigator said Nationwide could have communicated better, but he thought its offer of £100 for that was reasonable.

Mr J didn't agree. He said he'd spent more than the £100 Nationwide had offered, on legal advice based on information Nationwide gave him, and that information turned out to be wrong. He also said we hadn't addressed the increase in the balance of his mortgage.

Our investigator didn't change his mind, and he didn't think Nationwide had to pay towards Mr J's legal fees.

Mr J said that our service had missed the point, because we hadn't considered the increase in his mortgage balance which the interest only concession had caused. Our investigator asked Nationwide about this, and it confirmed that when it set the interest only payments in February 2024, the mortgage was on a fixed rate of 1.89%. But that fixed rate then finished and the mortgage changed to a tracker rate, which increased the amount of interest due each month. However, the agreed mortgage charter payments did not increase. That meant the interest incurred on the mortgage wasn't being covered by the payments made, and the balance did increase.

But Nationwide also said that it hadn't had a chance to consider this point yet. Mr J hadn't complained to it about this. So Nationwide didn't think our service could consider this, as part of the current complaint.

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.

Our service has recently written to Mr J, to say that in the light of Nationwide's objection, this decision will not include consideration of his concerns around the increase in his mortgage balance, which happened while this mortgage was on an interest-only concession. Our service will take forward that concern separately for Mr J.

So this decision only considers his concerns about the application of a tracker rate and an interest only concession to his mortgage, without his agreement. And I've reached the same overall conclusion on those aspects of this complaint as our investigator.

I do think it's regrettable that Nationwide's communications on this have not been clear, but

I'm not able to say that Nationwide made a mistake in either applying a short-term interest only concession to this mortgage, or in putting it on a tracker rate, without Mr J's consent. As our investigator set out, when there's a dispute between the parties, the lender has to try to act in the best interests of both.

Nationwide was asked to move this mortgage onto a tracker rate, when the previous fixed rate ended. It says that means payments to this mortgage will be lower than if the mortgage was on the SVR, but there will be no ERC to pay if this mortgage is redeemed in the near future. On the evidence I have seen, I think it was reasonable for Nationwide to make this change to this mortgage, even without Mr J's consent.

Nationwide also added an interest only concession to Mr J's mortgage, although Mr J had previously contacted it to say he wouldn't agree to that. Nationwide set out that this concession exists to support to people struggling with their mortgage payments.

I understand that Mr J isn't making the payments to this mortgage. And I do think it's in Mr J's interest that mortgage payments aren't missed, as he remains jointly liable for this debt, and any missed payments on this mortgage will have an impact on his credit file. So, although I appreciate that Nationwide's communications on this matter could have been better, I don't think Nationwide made a mistake by placing this mortgage on an interest only concession for six months without Mr J's consent.

I should note that I reach no conclusion here about the effect of this concession on Mr J's mortgage balance. That matter will be considered separately.

I've noted that Nationwide's communications here weren't clear. In particular I can see Mr J was told a number of times that the interest only concession had been removed from this mortgage, before Nationwide confirmed it would remain in place. I think Nationwide's offer of £100 does provide a fair and reasonable outcome to that part of Mr J's complaint.

Mr J didn't think that was fair, because he said that didn't cover the legal costs he'd incurred, seeking advice on the revised position of this mortgage. I understand Mr J's view is those costs are a direct result of the mistaken information Nationwide gave him. And I appreciate that discussions between Mr J and his wife at the moment appear to be conducted through lawyers. But I don't think Nationwide should have to pay more because of that, in this case. I have taken account of the fact that Nationwide initially provided Mr J with an incorrect steer on the position of this mortgage, but I still don't think it would be fair and reasonable here to ask Nationwide to pay the costs of the legal action Mr J then took, to inform his wife of the anticipated change in the position of the mortgage.

I know that Mr J will be disappointed, but I don't think Nationwide has to do more here than it has already offered to do. So I will ask it to pay Mr J the £100 it previously offered, now.

Finally, I should reiterate that this conclusion doesn't affect our service's future consideration of the effect of this concession on Mr J's mortgage balance.

### **My final decision**

My final decision is that Nationwide Building Society must pay Mr J £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 29 October 2024.

Esther Absalom-Gough

**Ombudsman**