

The complaint

Mr C and Ms D complain that Nationwide Building Society gave them incorrect information which resulted in them missing out on a lower interest rate product.

What happened

Mr C and Ms D have a mortgage with Nationwide. Their fixed interest rate product was due to expire at the end of January 2024. They chose a new rate in late 2023, to take effect on 1 February 2024.

Interest rates were falling at the time. Mr C and Ms D say they were given incorrect information about the deadline to cancel the new product and take out a different product if lower rates became available. They say they considered taking out a tracker product while they waited for rates to fall, but were put off by a Nationwide adviser saying that new fixed rate products might not have a 10% overpayment allowance. As a result, they missed the opportunity to take out a lower interest rate product when Nationwide made these available in late January 2024. They were locked into the rate chosen in late 2023.

Mr C also said it was unfair for Nationwide to bring out lower rates on 23 January 2024, knowing this was immediately after the cut-off date for customers to cancel the products they'd chosen.

Nationwide said it had given Ms D incorrect information about the latest date to cancel the product during a call in early January 2024. It offered £75 compensation for this. However, it said they were aware of the deadline as it had given them correct information on two other calls and in the switch documents. Nationwide didn't agree it had told Mr C that new fixed rate products might not have an overpayment allowance.

Our investigator said Nationwide had done enough to put matters right.

Mr C and Ms D didn't agree and asked that an ombudsman re-consider the matter.

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 should explain that where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances. I think there's sufficient evidence available for me to reach a fair outcome.

Nationwide gave Mr C and Ms D correct information in late 2023 when they applied for a new product. This was that they had until 20 January 2024 to cancel the product. And until 10am on 26 January 2024 to re-apply if they wanted a new product in place on 1 February 2024.

Nationwide sent a product offer to Mr C and Ms D. This said they had until 20 January 2024

to cancel the product, but as this wasn't a working day they had until 22 January 2024 (the next working day). Mr C and Ms D accepted the product.

Ms D and Mr C called Nationwide a number of times in early 2024 about an overpayment. They also discussed taking out a new product on some of these calls.

Nationwide says Ms D was given incorrect information during a call on 5 January 2024. Ms D called about making an overpayment. She confirmed with Nationwide's call handler they were able to do this in the last month of the product without incurring a fee.

Ms D went on to ask if Nationwide was likely to lower interest rates further. The call handler didn't know if new rates would be brought out, but said they had until 25 January 2024 to sort things out. Ms D questioned this, saying she thought the deadline was the 20th. The call handler said they recommend the 20th, but the switcher team can do this up to the 25th in an emergency.

This was incorrect. Ms D and Mr C had until 22 January 2024 to cancel the product switch.

Ms D also asked about taking out a tracker product without an early repayment charge (ERC). The call handler said tracker products don't usually have an ERC. He wasn't sure if they'd be an exit fee and said Ms D should talk to the product switch team.

Mr C says he was given further incorrect information during a call on 18 January 2024. He says he was told that new fixed rate products might not have a 10% overpayment allowance. I've listened carefully to this call and can't agree that Nationwide said that new fixed rate products might not have an overpayment allowance.

Mr C's call was mostly about whether their overpayment should be applied to reduce the term or their monthly payments. There was also a discussion about taking out a new interest rate and the overpayment allowance. Mr C said they were overpaying each month and asked if they could continue to do this so long as they stayed within the 10% allowance. Nationwide said that was correct, and so long as they stayed within 10% of the original amount borrowed there will be no fees or penalties. The call handler emphasised that it was always 10% of the amount originally borrowed regardless of the change in interest rate. I did not hear the adviser suggest that in future fixed rate products might not have a 10% overpayment allowance.

There was a discussion about what Mr C and Ms D's monthly payments would be from February 2024, after the overpayment and the new product took effect. Mr C didn't ask about tracker products or the deadline to cancel the product they'd chosen while on this call.

Mr C called Nationwide on 24 January 2024. He'd seen that Nationwide had made lower interest rate products available overnight. He wanted to change his choice of product. Nationwide said he'd missed the deadline (22 January 2024) to cancel the product chosen in late 2023.

Did Nationwide make an error and what were the consequences?

Mr C and Ms D say they missed out on the opportunity to take out a lower interest rate product due to Nationwide's error – that is, the incorrect information given to Ms D on 5 January 2024 about the latest date to cancel the product they'd accepted in late 2023.

Mr C and Ms D were alive to the possibility that Nationwide might offer lower fixed interest rate products. They wanted to be able to take advantage of this if possible. I think though, at the same time, they wouldn't have wanted to risk losing the fixed rate product they'd secured

unless they were confident a better product was, or would become, available.

Nationwide made lower interest rate products available overnight on 23 January 2024. This was after the deadline for Mr C and Ms D to cancel the product they'd chosen in late 2023. In order for Ms D and Mr C to take out one of these products, they'd have had to cancel the product they accepted in late 2023 by 22 January 2024 – before knowing if Nationwide would offer lower rates or when this might happen. I think it's unlikely Mr C and Ms D would have done this, even if they hadn't been given incorrect information on 5 January 2024.

Mr C and Ms D say if they hadn't been told they could switch up until 25 January 2024 they'd have cancelled the product they'd accepted and switched to a tracker product. I'm not persuaded by that. Mr C and Ms D could have taken out a tracker product without an ERC and they asked Nationwide about this in early January 2024. But they didn't do this. Mr C and Ms D didn't know when Nationwide might bring out lower rates – if at all. They didn't know it would bring out new rates between 22 and 25 January 2024. I'm not persuaded that their decision whether to cancel the product they'd accepted and take out a tracker product turned on whether they thought the cancellation deadline was 22 or 25 January 2024.

Mr C and Ms D also say they didn't take out a tracker product because they were told on 18 January 2024 that new fixed rate products might not have an overpayment allowance. Being able to make overpayments was important to Mr C and Ms D. They say they didn't cancel the product switch and take out a tracker product due to their concerns about losing the opportunity to make overpayments.

As I said, having listened to the call, I didn't hear Nationwide suggest that new fixed rate products might not have an overpayment allowance. I don't know why Mr C and Ms D thought this, but they weren't told this by Nationwide on the calls I've listened to. If this was the reason they didn't cancel the fixed rate product and take out a tracker product, I don't think that was due to an error by Nationwide.

I don't think it's unfair for Nationwide to have a last date for customers to cancel a product prior to it taking effect – although it should give them clear information about this. It needs some time to complete the administrative tasks required for the interest rate to take effect on the intended date. Nationwide is entitled to change its range of mortgage products from time to time, and there's nothing to say that it couldn't do so in late January 2024. While I appreciate Mr C and Ms D's frustration about the timing, they'd be in no different position if Nationwide had (for instance) changed its range of mortgage products a week or so later.

I'm sorry that Mr C and Ms D missed out on taking out a lower fixed rate product. I think this was due to unfortunate timing, rather than an error by Nationwide. The new product rates became available after the last date for Mr C and Mr D to cancel the product they'd accepted in late 2023.

The incorrect information given to Ms D on 5 January 2024 did affect Mr C and Ms D. They were given the impression that it might be possible for them to take out one of the new products – something they clearly wanted – only to be disappointed when they called Nationwide and were told this wasn't the case. I think for the upset this caused, £75 is fair and reasonable.

My final decision

My decision is that Nationwide Building Society should pay £75 to Mr C and Ms D, as it offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Ms D to

accept or reject my decision before 10 December 2024.

Ruth Stevenson
Ombudsman