

The complaint

Ms R complains about the way Nationwide Building Society has administered her mortgage account and the communication she's received.

What happened

Ms R has a mortgage with Nationwide and makes her monthly payments on the last calendar day of the month after she gets paid. In early 2023, she applied to switch her interest rate product. Following the switch, Ms R thought her monthly payments would be collected by direct debit. But no direct debit was set up. As a result, no monthly payment was made to the mortgage in April 2023, and Nationwide reported arrears on the account. Ms R made up the missed payment in May 2023. Since then, Ms R has had several discussions with Nationwide about how it was administering her account, and the arrears it had reported.

As Ms R makes her monthly payments manually on the last day of each calendar month, the monthly payment she made for February 2024 wasn't processed by Nationwide until March 2024. Nationwide reported February's payment as a missed payment and arrears were reported to Ms R's credit file.

Ms R has made several complaints to Nationwide since February 2023 about the administration of her mortgage. Nationwide has issued the following final response letters:

- 7 March 2023 – addressing Ms R's complaint about switching her interest rate product.
- 24 March 2023 – addressing Ms R's complaint about switching her interest rate product.
- 29 March 2023 – addressing Ms R's complaint about switching her interest rate product.
- 15 May 2023 – addressing Ms R's complaint about switching her interest rate product.
- 24 May 2023 – addressing Ms R's complaint about the rate switch process and information she'd been given about arrears on her account.
- 31 July 2023 – confirming it wouldn't re-investigate previous complaints and referred back to previous response letters.
- 31 October 2023 – addressing Ms R's complaint about arrears reported on her credit file. It agreed to amend Ms R's credit file to show the payment being made. It paid Ms R £150 for communication errors.
- 3 November 2023 – addressing Ms R's complaint about how it handled her Data Subject Access Request.

- 4 December 2023 – addressing Ms R’s complaint about the delays in updating her credit file. Nationwide paid Ms R £100.
- 3 April 2024 – addressing Ms R’s complaint about her payment for February showing as missed when it was paid. It agreed to amend Ms R’s credit file to show the payment being made. It said it would be unable to make any future amendments so Ms R should ensure her payments have sufficient time to clear before the end of each calendar month. It also apologised for not confirming the amendment by email as agreed, and paid Ms R £100.

All the final response letters told Ms R she could refer her complaint to the Financial Ombudsman Service, but she had six months in which to do so.

Ms R contacted our service on 3 April 2024 and asked us to look into her complaint. Her credit file was showing as up to date as Nationwide had made manual amendments after she’d complained, but she remained unhappy with the conflicting information she’d been given by its staff about whether her account was in arrears, and the fact she’d had to complain each time it had reported arrears to get that changed. She was also unhappy that the compensation paid by Nationwide didn’t reflect the distress and inconvenience these issues had caused.

Nationwide said Ms R’s complaints that had been dealt with in final response letters issued more than six months ago had been referred out of time. It didn’t give our service consent to consider them.

One of our Investigators looked into things. She said that our service couldn’t consider Ms R’s complaint about how Nationwide had handled her application to switch her interest rate, as it had been referred more than six months after Nationwide issued its final response letters. She wasn’t persuaded that part of the complaint was brought late as a result of exceptional circumstances, so she said we couldn’t look at it. She said we could consider Ms R’s complaint about the way Nationwide had been reporting her mortgage to credit reference agencies more recently. Having done so, she didn’t uphold the complaint.

Ms R disagreed and asked for the complaint to be reviewed by an Ombudsman. So the complaint’s been passed 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.

Our service’s jurisdiction to consider this complaint

Before I can decide the merits of a complaint, I must first determine that it’s a complaint that falls within our service’s jurisdiction. Having reviewed Ms R’s complaint, I agree with the Investigator that some of her complaint has been brought too late for our service to be able to consider it.

The rules which set out the timescales within which a complaint must be made, in order for this service to be able to consider it, are set out in the Dispute Resolution (DISP) rules in the Financial Conduct Authority’s (FCA’s) handbook.

DISP 2.8.2R says that where a business doesn't agree, which Nationwide hasn't, I can't look at a complaint that's referred here more than six months after the date the business sent its final response letter.

We can however consider complaints that have been brought to us outside the time limits, if we're satisfied this was as a result of exceptional circumstances.

Ms R has raised several complaints about her mortgage over the last year. She referred her complaint to our service on 3 April 2024. That means any complaints dealt with in final response letters issued before 3 October 2023 have been brought outside the six month time limit. Ms R has said she had been speaking to our service about her concerns during that period, but neither our service, or Ms R, has any evidence to show that a referral took place, or that Ms R asked us to look into things for her. As such, for the purposes of the DISP rules, I'm satisfied the date Ms R's complaint was referred to us was 3 April 2024.

Ms R hasn't made our service aware of any exceptional circumstances that delayed her complaint being made. I note she was in consistent contact with Nationwide throughout the relevant period. As such, I'm satisfied that her complaint about the interest rate switch that was dealt with in earlier final response letters falls outside the jurisdiction of our service, and we can't consider it.

I'm also satisfied we can't consider Ms R's complaint about her April 2023 payment being reported as missed, as that was covered in Nationwide's May 2023 final response letters. I appreciate Nationwide later agreed to amend Ms R's credit file, but it did so as a gesture of goodwill in light of Ms R's circumstances, and maintained that it had not made an error in the way it had reported the account initially. It didn't re-investigate the complaint or issue a fresh response letter. In order for me to be able to consider the merits of this part of Ms R's complaint, Ms R would have needed to have referred her complaint to our service within the six month deadline given in those May 2023 letters. She didn't do that, so I'm unable to consider how Nationwide reported April 2023's monthly payment.

We can however consider Ms R's subsequent complaints about the way Nationwide has reported her mortgage account to credit reference agencies, and the conflicting information she says she's been given about the arrears on her account. This means we can investigate what happened when Nationwide reported February 2024's payment as missed. And the customer service issues Ms R has complained about. I will now go on to decide the merits of that complaint.

Has Nationwide acted unfairly?

The terms and conditions of Ms R's mortgage account state the following:

"You may choose to make your monthly payments on any day in the month (from 1-28). The monthly payment we request will assume that you make payments on the 28th day of every month (unless stated otherwise)."

I think this states, in a way that is sufficiently clear, that Ms R would need to pay her monthly mortgage payments by the 28th day of the calendar month, unless she's agreed otherwise.

Ms R gets paid by her employer on the last day of the calendar month, and she pays her mortgage manually on the same day. She says she's had conversations with Nationwide about that since she first took out her mortgage, and it's aware of her situation, and this has never been raised as a problem before.

Ms R says that she's been given conflicting information by Nationwide about whether her

mortgage account has been in arrears or not. Whilst her account was showing as up to date at the point this complaint was referred to our service, that was because Nationwide had manually amended the way the mortgage had been reported to credit reference agencies for February 2024. Ms R made her monthly payment on 29 February, but it wasn't processed until 2 March 2024. So it was recorded as missed as it wasn't received by Nationwide by the end of the calendar month. As far as I can see, this was the first time this had happened, as the previous arrears had been caused by a different misunderstanding and a payment genuinely hadn't been made.

Nationwide has explained that if a payment is made on the last day of the calendar month, it needs to be made by midday in order that it's processed in time. It confirmed that to Ms R in its final response letter sent in April 2024.

Ms R has said she's been given conflicting information about this, and it's never been an issue before. She says she's always paid her mortgage this way. I've listened to the call Ms R had with Nationwide in May 2023 when this issue was originally discussed. She did tell Nationwide that she could only pay on the last day of the month due to when she got paid, and Nationwide didn't tell her that the payment would need to be made before midday for it to be processed in time. I think it could have done so in that conversation. It did however state that if she was paying by direct debit that would need to be collected before the 28th day in the month.

I have listened to the other calls Ms R has had with Nationwide in 2023, and I'm not persuaded she has been given conflicting or confusing information about when her mortgage payments need to be made. When Ms R complained about the February 2024 payment, Nationwide agreed to amend the way it had been reported on that occasion. The final response letter clearly explained that Ms R would need to make all future payments before midday on the last day of the calendar month, or she could call Nationwide and make the payment over the phone to ensure it cleared in time. It also said Ms R could slightly overpay so if the payment wasn't processed in time, the account would not fall into arrears for the full monthly payment and so arrears wouldn't be reported to her credit file.

Whilst I agree with Ms R that until she complained about the February 2024 payment, she hadn't explicitly been told by Nationwide that her payments would need to be made before midday in order to clear in time, I'm satisfied Nationwide has done enough to put that right. It removed the adverse reporting for that month, and explained clearly to Ms R what she would need to do in future to avoid that happening again. I'm satisfied that's reasonable. And don't require it to do anything further.

I note that since this complaint was referred to us, there was a further instance of a late payment made and arrears reported on Ms R's credit file. I'm not satisfied that was a result of anything Nationwide did wrong. By that time, Ms R was fully aware of how the account operated and the deadline by which she needed to make her payment, or other steps she could take to avoid the account being reported as in arrears. If Ms R hadn't taken those steps, I don't think Nationwide acted unfairly by reporting arrears on her credit file.

Customer service issues

Ms R clearly feels very strongly about this complaint. I understand that she has been going through a challenging time and feels the communication she's received from Nationwide over the course of the last year has added greatly to her stress. I'm sorry to hear about what she's been going through.

I've reviewed the contact history for the mortgage account and listened to the relevant calls Ms R has had with Nationwide. I appreciate there has been some confusion at times about

what steps Nationwide was taking to help Ms R, and at times the customer service did fall short of what I consider Ms R should reasonably have been able to expect. But I do think that was due, in part, to the volume of complaints Ms R has raised and the number of different call handlers she spoke to. Nevertheless, Nationwide has accepted it could have provided a better service to Ms R and has paid her £350 to apologise for the distress and inconvenience caused. I'm satisfied that's a fair amount in the circumstances of this particular case.

I appreciate Ms R feels that the compensation should be higher. But a lot of the reasons for that stem from what happened in March and April 2023, and the arrears that were reported during the rate switch. That's not something I've been able to consider for the reasons I've explained above, and so I'm unable to award any compensation in relation to those issues. That includes Ms R's complaint that she's been declined further credit because of the way the mortgage was reported in April 2023. So whilst I appreciate it will come as a disappointment to Ms R, I'm not satisfied Nationwide needs to do anything further to put things right.

My final decision

Considering everything, for the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 5 February 2025.

Kathryn Billings
Ombudsman