

The complaint

Mr and Mrs C are unhappy about the administration of their re-mortgage with Nationwide Building Society because the money was released before a bank holiday weekend, meaning that they had to pay interest on the existing mortgage and the new one for several days.

What happened

In 2023 Mr and Mrs C had an existing mortgage on a second property they owned with another lender. They had an interest rate product attached to the mortgage, which was due to expire on 31 December 2023. An early repayment charge (ERC) was payable if it was repaid before the end of the interest rate product.

Mr and Mrs C applied to re-mortgage the property with Nationwide. Nationwide accepted the application and appointed a firm of solicitors to complete the legal work necessary and to draw down the funds when required. The solicitors wrote to Mr and Mrs C when it was appointed to explain the process and costs that would be incurred. It explained that it would be requesting the money from Nationwide the working day before completion to ensure that there would be no delays in completion happening, and Mr and Mrs C would pay interest on the money from that day.

The questionnaire Mr and Mrs C completed for the solicitors following it being appointed confirmed that they didn't want the re-mortgage to complete before their existing interest rate product ended on 31 December 2023. It was explained that in the event that Mr and Mrs C wanted the solicitors to wait until the product had ended, it would aim to complete as soon as possible after the ERC expired.

When Mr and Mrs C initially accepted the mortgage offer from Nationwide, they stated that they did not want their re-mortgage to complete as soon as possible. Rather they wanted the mortgage to '*start when existing 'deal' ends.*' Mr and Mrs C completed another acceptance form in November 2023 and simply said on that form that they didn't want the mortgage to complete until after 31 December 2023.

As such, the solicitors arranged for completion to happen the first working day after the interest rate product on the old mortgage ended – 2 January 2024. Mr and Mrs C and their broker were informed of this on 20 December 2023.

As 1 January 2024 was a bank holiday, this meant that the mortgage funds were released to the solicitors on the Friday before the weekend – 29 December 2023. As such, Mr and Mrs C were charged interest on the money from that date, but they were also paying interest on their existing mortgage for the same period.

Mr and Mrs C complained on 3 January 2024 that Nationwide had released the mortgage funds earlier than it should have.

Nationwide responded to the complaint in a letter of 19 January 2024. It confirmed that its standard process was to release funds the working day before the mortgage was to

complete, to ensure completion could take place on time. As such, it didn't uphold the complaint.

Mr and Mrs C were not satisfied with Nationwide's response and asked us to look into their complaint. When they did so they said that they considered they had suffered a financial loss because they'd had to pay four days' worth of additional interest and also, they understood that had the mortgage been advanced later in January, they would not have had to make their first payment until February 2024.

Two of our Investigators considered the complaint, but they didn't recommend that it be upheld. Mr and Mrs C didn't accept the Investigator's opinions. They believed that Nationwide had released the money when it had for its own financial gain and had they been told the money would be released so early for a completion date of 2 January 2024, they would have suggested completing later. Mr and Mrs C asked that the complaint be passed to an Ombudsman for consideration as they felt the findings were subjective.

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.

Mr and Mrs C are unhappy that because of the long bank holiday weekend, they paid interest on both their old and their new mortgages for that period. I can understand why that is the case. However, what I need to determine is whether Nationwide did anything wrong in advancing the mortgage funds when it did.

Before I discuss the evidence in this case, I would confirm that when the solicitors were completing actions on behalf of Nationwide, Nationwide is responsible for those actions. In this case, that includes providing Nationwide with the certificate of title and drawing down the mortgage. So while the process to draw down funds the day before the completion date appears to be the solicitors' policy, rather than a requirement Nationwide put in place, Nationwide would be responsible for the decision to do so in the case of Mr and Mrs C's mortgage.

It has been explained that the reason the mortgage is drawn down the day before completion is to ensure that there are no delays on the day. I don't consider this is an unreasonable thing to be done, given that the transfer of monies needs to be completed before 3pm for completion to happen. If the money has to be transferred from the lender to the solicitors on that day, and then forwarded to the previous lender, there is more risk that the transactions won't be completed on time. I also note that Mr and Mrs C were told this is what would happen when the solicitors were appointed, although I acknowledge this was many months before the mortgage actually completed.

I have, therefore, considered whether it was reasonable for the completion date to be set for 2 January 2024. On the initial information form Mr and Mrs C completed for the solicitors they told it they didn't want the mortgage to be advanced until after their interest rate product had ended on 31 December 2023. It was confirmed that solicitors would try to arrange completion as soon after the product end date. In addition, when Mr and Mrs C completed the first of the offer acceptance documents and returned it to the solicitors, they said they wanted the mortgage deal to start as soon as possible after the ERC expired. I also note that Mrs C was told about the proposed completion date almost two weeks before it was due, and she had the opportunity to ask questions or raise any concerns.

In the circumstances I don't think it was unreasonable for the completion date to be set for 2 January 2024, as this fulfils what Mr and Mrs C told the solicitors they wanted. The funds

were then drawn down in line with its normal procedures – the day before to ensure that completion could happen when it was set to.

As for Mr and Mrs C's concern that this then meant they had to start making payments to the mortgage earlier than they had anticipated, I accept that is the case. However, other than the interest payable over the bank holiday weekend, Mr and Mrs C will have paid the amount they would always have paid, just split over two months rather than all of it in one.

I know that Mr and Mrs C won't be happy with my conclusions, but I don't consider that Nationwide, or its representative, acted inappropriately in relation to the drawdown of their mortgage.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs C to accept or reject my decision before 9 January 2025.

Derry Baxter
Ombudsman