

## **The complaint**

Mr and Mrs R's complaint relates to a mortgage they have with Nationwide Building Society. They are unhappy that their mortgage moved onto a reversionary interest rate between the end of one and beginning of another interest rate products. In addition, they don't consider that Nationwide gave them important information that would have prevented that from happening, and their mortgage going into arrears.

In settlement, Mr and Mrs R want Nationwide to pay the amount of the arrears that was showing on their account at the end of August 2024 and remove any adverse information reported to credit reference agencies.

## **What happened**

In the spring of 2024 Mr and Mrs R had an existing mortgage with Nationwide which had a fixed interest rate product attached to it. The mortgage offer Mr and Mrs R had accepted confirmed that when the product ended on 31 July 2024, the mortgage would revert to Nationwide's standard mortgage rate.

On 8 July 2024 Nationwide wrote to Mr and Mrs R reminding them their product was due to end and it set out their options – to allow the mortgage to revert to Nationwide's standard mortgage rate, or to select a new product. They were told if the mortgage reverted to the standard mortgage rate their August 2024 payment would be £1,318.34. It was also confirmed that if they wanted a new product, they had to complete their application before 10am on 26 July for the switch to be in place for August 2024. Mr and Mrs R have said they did not receive this letter and that the information about the application deadline was not highlighted on Nationwide's online system.

Mr and Mrs R applied for a new product online on 31 July 2024. Mr and Mrs R were provided with an illustration for the switch, which detailed that it would take place on 1 September 2024 and the monthly payment from that point would be £885.31.

As Mr and Mrs R applied for the new product after the cutoff date, the new product was added to the mortgage on 1 September 2024, and the mortgage moved onto Nationwide's standard mortgage rate on 1 August 2024 for one month. Nationwide made a mistake with the calculation of the monthly payment for September 2024, so Mr and Mrs R paid slightly less than they should have. This was corrected in time for the October 2024 payment to be made.

However, Mr and Mrs R only paid £663.47 in August rather than the £1,318.34 that was due. They have told us they assumed that, as the new payment they were told about linked to the new product wasn't due until September 2024, this meant that the existing product rate would be extended to cover August 2024.

In the middle of September 2024 Mr and Mrs R were told that their mortgage was in arrears of £654.87 as the payment they'd made in August 2024 was lower than it should have been. They complained.

Nationwide responded to the complaint in October 2024 and it partially upheld it. It apologised for the fact that Mr and Mrs R were sent two letters that gave contradictory information about the monthly payments they had to make, and it offered them £75 compensation for that mistake. However, it did not consider that it had done anything wrong in relation to attaching the interest rate product. It confirmed the amount of the arrears that was still on the account from August 2024.

Mr and Mrs R accepted the £75 on the understanding that this Service could still consider the complaint. They asked that it be paid off the mortgage balance, which Nationwide did. Mr and Mrs R referred their complaint to this Service. Shortly thereafter, they paid off all but a very small amount of the arrears from August 2024.

One of our Investigators considered the complaint, but she didn't recommend it be upheld.

Mr and Mrs R didn't accept the Investigator's conclusions. They said that all of their concerns had not been addressed – these being that they had not received the 8 July 2024 letter and so had not known about the date for application as the website did not tell them. The Investigator considered what Mr and Mrs R had to say, but it didn't persuade her to change her conclusions. As such, it was decided that the complaint should be passed to an Ombudsman for review.

### **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 R confirmed that when they applied for their new interest rate product they were aware that it would not be attached to the mortgage until 1 September 2024. They've said they assumed that the existing product would be extended to cover August 2024. I have thought about this and looked at the documentation, and I don't consider that it was a reasonable assumption to make. I say this as, when Mr and Mrs R took out the existing product, they were told that when it ended the mortgage would move on to a reversionary rate. I have seen nothing from 2024 that indicates that would not be the case.

Furthermore, the letter of 8 July 2024 also confirmed that is what would happen, unless they applied for a new product before 26 July 2024. They had not done that, and the mortgage was always going to revert to Nationwide's standard mortgage rate. I note that Mr and Mrs R have said they didn't receive that letter. I have examined the letter, and it was correctly addressed. While I can't say that it could not have gone astray in the post, it is the case that most letters that are correctly addressed are delivered to the intended properties. So it would seem more likely than not that the letter was correctly delivered, although I accept that Mr and Mrs R may not have realised its importance or possibly may not have noticed the deadline for their application to be made.

Overall, I am satisfied that Mr and Mrs R were made aware that their mortgage would revert to Nationwide's standard mortgage rate on 1 August 2024 and Nationwide did nothing wrong in applying that interest rate to the mortgage at that point. It follows that the amount Mr and Mrs R needed to pay toward their mortgage for August 2024 was higher than the amount they actually paid. As such, Nationwide was right to inform them that the mortgage was in arrears and to ask Mr and Mrs R to clear the outstanding amount owed on the mortgage. I do not consider Nationwide did anything wrong in this regard.

That said, Nationwide has accepted that its communication relating to the payment due under the new product was not what it should have been. Nationwide has paid Mr and Mrs R

£75 in this regard and, having considered the situation carefully, I am satisfied the payment is fair and proportionate in the circumstances.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs R to accept or reject my decision before 2 May 2025.

Derry Baxter  
**Ombudsman**