

The complaint

Mr S's complaint is about his mortgage with Nationwide Building Society. Mr S is unhappy that he wasn't able to switch to a new rate until a term extension had been put in place. In addition, Mr S is unhappy at the way Nationwide has administered the payments on his mortgage account.

To settle the complaint Mr S wants Nationwide to pay him significant compensation.

What happened

The Investigator set out a detailed chronology of events in his letter dated 14 February 2025. I repeat the chronology below.

In July 2024 Mr S set up an underpayment arrangement on one of the two mortgage sub-accounts he holds with Nationwide. The monthly mortgage payment for the months of August, September and October 2024 were taken out of his overpayment reserve.

By September 2024 Mr S's term had about six months left to run, and his fixed rate was due to expire on 30 November 2024. But because the term had only six months remaining, he couldn't apply online to get a new deal, or change the term.

On 9 September 2024 Mr S called Nationwide and said he hadn't been able to apply for a new rate online and that the website said he had to call Nationwide to apply for one. The call handler said it appeared one of his sub-accounts had six months left and the reason why he hadn't been able to apply for a new rate was because he had less than two years left on his mortgage (two years being the minimum interest rate product Nationwide offered).

On 14 September 2024 Mr S called Nationwide and said he had been unable to extend his term online. The call handler explained the sales team were now closed and that he would have to call back on Monday when the sales team would be available.

On 16 September 2024 Mr S contacted Nationwide's sales team. During this call he asked if he could do the appointment face to face. The adviser explained that Nationwide no longer offered this service and that they only offered appointments via online video calls. Mr S said he didn't want it to be a video call but just a telephone call. She then explained the call would be around an hour long to which Mr S expressed his dissatisfaction at how long it would take to extend the term. He then said he would take his mortgage elsewhere.

On 18 September 2024 Mr S called Nationwide and explained that two months earlier he could see all the offers when he went to switch products but now, he could not see any and was asked to call a specific number instead. He also explained that he could not see how he could pay off £18,000 in six months. The call handler advised that she could see that the term did match up because Mr S had taken out the mortgage in 2016 over term of 8 years.

On 19 September 2024 Mr S raised a complaint with Nationwide.

On 14 October 2024 Mr S called Nationwide for an update on his complaint. He said he wanted to take his complaint to the next stage as Nationwide had exhausted the timescales required to investigate the complaint. The call handler explained that she had emailed her colleague who was investigating the complaint, and they would get in touch with him.

The case handler got back in touch with him on the same day and advised him that he could bring his complaint to our service. The final response letter (FRL) rejecting the complaint was issued on the same day. Mr S contacted our service on the same day to start his complaint.

On 1 November 2024 Mr S called Nationwide and explained that it had taken out two payments of £850 and £304 from his mortgage accounts when he has an agreement with Nationwide to only pay £441 in line with the underpayment concession. Mr S requested these payments be refunded and that when the call ended he would manually pay the £441. The call handler confirmed he had put the request in for the two payments to be refunded.

On 4 November 2024 Mr S called Nationwide to complain about these two payments and that he was not happy that he was told on 1 November 2024 it would take three to five working days for the payments to be refunded and he wanted them refunded on that very same day. On the same day a letter was issued to him confirming the refund of £304.55. On 5 November 2024 Nationwide refunded the overpayment amounts of £850.33 and £304.55.

On 13 November 2024 Mr S called Nationwide to see if it had received the term extension form he'd sent on the previous Thursday (7 November 2024) by first class post. Mr S was transferred to the term extension team who confirmed that they had received his form but that he could only get a new rate once the new term started on 1 December 2024. Mr S was unhappy with this and raised another complaint.

On 25 November 2024 Mr S called Nationwide and said that on the previous day (Sunday) he had changed his direct debit date online from the 1st to the 10th and he was informed that it had been done, and a letter would be sent to him within five working days. However, he was concerned that by the time the letter was issued the direct debit date may not have changed in time.

On 27 November 2024 Mr S called Nationwide to see if he could go on a payment holiday and if so, would it affect his credit file. He also said that if it impacted his credit file then he would not proceed with it. The call handler confirmed that it would affect his credit file and so Mr S decided not to proceed with it.

On 28 November 2024 Mr S applied online to change the repayment date from the 10th to the 28th of the month.

On 29 November 2024 the FRL addressing the underpayment arrangement being cancelled and the two payments being taken without Mr S's knowledge was issued. Nationwide apologised and paid £250 compensation for trouble and upset.

On 30 November 2024 Mr S called to see when the rate on one of his mortgages expired. The call handler confirmed that he was on a two-year tracker and that this was due to expire on 20 November 2025. Mr S was satisfied with this and confirmed that is all he wanted to know.

On 10 December 2024 Mr S called Nationwide and told them that on 28 November 2024 he'd submitted online a change to the date of his direct debit to the 28th of each month, but he'd had a payment taken out of the main account on 10 December 2024.

Nationwide informed Mr S it couldn't change the date and that the change would take effect from January 2025. Nationwide said a letter was sent to Mr S confirming the date had been changed and to confirm the payment date for December 2024 would remain the 10th, and a further payment would not be taken on the 28 December. Nationwide said it informed Mr S that if he wanted the December payment to be refunded, a manual payment would have to be made on 28 December 2024, an arrangement Mr S declined.

On 22 December 2024 the FRL addressing and rejecting the complaint about not being able to reserve a new fixed rate until the new term extension starts was issued.

The term extension was agreed in December 2024 and a new interest rate product was put in place from January 2025.

On 28 January 2025 at 5.25am Mr S got in touch with our service to inform us that the mortgage payment for 28 January 2025 had not been collected by Nationwide. Mr S later confirmed the payment had been taken out later that same day.

The Investigator looked at what had happened but didn't think Nationwide needed to do more than it had already done.

The Investigator explained that, in order to get a new rate, Mr S needed to extend his mortgage term. Once the term extension had been granted, Mr S could then select a new rate, either online or by contacting Nationwide.

The Investigator was satisfied it was reasonable for Nationwide to require Mr S to have an appointment with a mortgage adviser. Although Mr S didn't want this, the Investigator didn't think Nationwide had treated him unfairly.

In relation to the underpayment arrangement, the Investigator noted that when the term extension was keyed, this cancelled the underpayment arrangement on the system, resulting in the full monthly payment being collected on 1 November 2024. Nationwide acknowledged its mistake, the payment was refunded, and Nationwide paid compensation of £250 for any inconvenience, which the Investigator thought was fair and reasonable, given that Nationwide had quickly put things right.

The Investigator also noted that Nationwide had offered to refund the payment taken on 10 December 2024, but that Mr S had declined this.

Whilst the Investigator noted that it had taken longer than Mr S anticipated to extend the mortgage term and apply for a new rate, he thought this could have been resolved sooner if Mr S had agreed to a video or telephone appointment sooner. In the circumstances, the Investigator didn't think Nationwide needed to do anything further.

Mr S disagreed with the Investigator's findings and asked for an Ombudsman to issue a final decision. Mr S said that Nationwide had made "*massive mistakes*" every month and that it was Nationwide's "*silly system*" that meant he couldn't extend his mortgage term. Mr S said that the only reason things didn't get worse is that he prevented it, with about twenty phone calls and complaints.

Mr S believes that Nationwide should compensate him for all the stress and upset he's been caused, and didn't accept that the £250 Nationwide had already paid could be considered sufficient.

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.

Since Mr S first contacted us on 13 October 2024 he's raised a number of issues and Nationwide has issued several final responses. The complaint has been something of a 'moving target' with Mr S raising new issues as the investigation has been ongoing. Generally we don't add new issues to an existing complaint, but both Nationwide and our Investigator were able to address these in order to draw a line under Mr S's ongoing concerns.

I've taken careful note of everything Mr S and Nationwide have said, and I've listened to the twenty-one call recordings provided. Having done so, I've reached the following conclusions.

Term extension: I'm satisfied it was reasonable for Nationwide to want to arrange an appointment with Mr S to discuss a term extension. An extension to a mortgage term is a material change to the contract, and so Nationwide is entitled to assess whether or not a change to the mortgage term is going to be affordable for the borrower.

Nationwide is under a regulatory obligation to ensure that any lending is affordable and sustainable and in order to determine this, Nationwide needs to speak to the borrower. This is no longer done in a branch, but is usually done via a video or telephone call. This is Nationwide's business model.

I appreciate this wasn't how Mr S wanted to arrange a term extension, and, whilst I note his reluctance to participate in a video or telephone call rather than have a meeting in a branch, I can't tell Nationwide how to run its business, or that it should dispense with the need to discuss affordability in Mr S's case.

New interest rate: Because Mr S needed to extend his mortgage term, he wasn't able to lock in a new interest rate online. The term extension must come first, before arranging a new interest rate. That's because a term extension might be declined, and so it's logical and reasonable for Nationwide to ensure that a term extension is agreed first before a borrower is locked into a new interest rate product with an early repayment charge.

I note Mr S's term extension was agreed in December 2024 and his new interest rate product began in January 2025.

In the circumstances, I'm not persuaded Nationwide has done anything wrong in requiring a term extension to be in place prior to Mr S being able to apply for a new rate.

Account administration: Unfortunately when keying the term extension, this resulted in Nationwide's system cancelling the arrangement Mr S had in place for his monthly mortgage payments for one of his sub-accounts to be taken from his overpayment reserve. Nationwide has acknowledged this was an error, resulting in payment being taken from Mr S's bank account on 1 November 2024. Nationwide refunded the payment on 4 November 2024. I can see that the arrangement was re-set from December 2024 onwards for payment to be taken from the overpayment reserve.

Nationwide apologised to Mr S and paid compensation of £250 to him. I think this is fair, reasonable and proportionate in all the circumstances, given that the error was put right within four days.

I see that Mr S spoke to Nationwide on 25 November 2024 to request a change to the direct debit collection dates from the 1st of the month to the 10th of the month. This was going to be actioned by Nationwide and Mr S was told that this would take twelve working days, so he decided not to go ahead with it. Mr S said he'd already submitted the request online anyway the previous morning, and so the agent explained that confirmation of the new direct debit date would be available in Nationwide's online banking portal.

However, on 28 November 2024 Mr S requested another change to his direct debit collection dates from the 10th of the month to the 28th of the month. I can see that on Nationwide's website it's explained that direct debits normally take at least two weeks to update and that the change to the collection date might not take place in the month immediately following, but the month after that. I'm satisfied that this is what happened here.

A payment was taken on 10 December 2024, which Nationwide offered to refund. However, Mr S decided against this, as he'd have needed to have made a manual payment to the account instead on 28 December 2024. The new interest rate began in January 2025 and new direct debit for that started on 28 January 2025.

Overall I'm not persuaded Nationwide has done anything wrong here in relation to the direct debit collection dates. Mr S had already changed the direct debit date to the 10th of the month when he made his second request to switch the date to the 28th of the month on 28 November 2024. Because of weekends, Christmas Day and Boxing Day, there were fewer than twelve working days available to enable to switch to through for the month of December 2024. In the circumstances, Nationwide did nothing wrong here.

I can see that Nationwide gave Mr S the option of a refund of the payment collected on 10 December 2024, which he declined. I therefore don't think Nationwide is required to do anything further.

Conclusion

I fully understand that Mr S is unhappy at how long it took to put his term extension and new interest rate product in place. However, I'm not persuaded Nationwide is at fault for this, for the reasons explained above.

I'm satisfied that Nationwide made one error – cancelling the arrangement to collect payments from the overpayment reserve, due to its system overriding this when a term extension was keyed. However, Nationwide quickly put things right and paid Mr S £250 compensation which, as I have found, was fair and reasonable.

I'm not persuaded Nationwide has otherwise treated Mr S unreasonably or unfairly, or that there is any basis on which I would require further compensation to be paid. In saying this, I've taken note of what Mr S has told us about his health, and I don't underestimate his strength of feeling about how poorly he believes Nationwide has treated him. But after careful consideration of the evidence, whilst I acknowledge Mr S's perception of all the things he believes Nationwide has done wrong, I'm afraid I'm unable to agree with him that Nationwide should pay him substantial – or indeed any additional – compensation over and above the £250 already paid.

My final decision

My final decision is that I don't uphold this complaint.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 30 April 2025.

Jan O'Leary
Ombudsman