

The complaint

Mr and Mrs W's complaint relates to their mortgage held with Nationwide Building Society. They're unhappy that they've been offered higher interest rates than new customers and they say that during the online rate switch application process the rates were changing as they were navigating through the different options.

What happened

Mr and Mrs W are mortgage customers of Nationwide. Ahead of their existing rate coming to an end in January 2025, Nationwide wrote to Mr and Mrs W to invite them to explore new rates online.

In late 2024 Mr and Mrs W started looking at the rates available to them online. On 2 January 2025 Mr W called Nationwide to complain about the inaccuracy of the rate information available to him on Nationwide's website and the deals available. Mr W has said that Nationwide told him that as existing customers they would get the best and lowest rates possible. But he later found this not to be the case as new customers were being offered better rates.

Mr W said that when looking at the three-year fixed rate option he was shown a rate of 4.19% but when navigating through the different fee options, he was shown other rates and the previously available rate of 4.19% disappeared. Mr W said he'd taken several screen recordings to verify what he'd seen. As a resolution to the complaint Mr W said he wanted Nationwide to honour the best available rate of 4.19% with no fee as advertised on its website.

Nationwide didn't uphold Mr and Mrs W's complaint. It said that it was unwilling to open the video evidence provided due to concerns about a possible cyber security risk. It said that it could see the different rates provided in the screenshots from Mr and Mrs W, but without seeing what information was entered by them, it was unable to conclude that it caused an error. Nationwide didn't agree that it had treated Mr and Mrs W unfairly by offering them different interest rates than it does to new customers.

Unhappy with Nationwide's response, Mr and Mrs W came to the Financial Ombudsman Service. An investigator looked into things and thought the complaint should be upheld. After reviewing the video evidence, Nationwide accepted a fault with the online rate switch service. The investigator awarded £150 compensation for the distress and inconvenience this matter has caused Mr and Mrs W.

Nationwide accepted this opinion. Mr and Mrs W didn't. They asked for more compensation. Because an agreement hasn't been reached the case has been passed to me to decide.

Mr and Mrs W have since switched their mortgage with Nationwide to a rate of 4.42% fixed for three years. This deal came with no product fee.

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 this complaint has been with our service, Nationwide has accepted responsibility for the error with its online rate switch service. I must decide the fairest way to put things right for Mr and Mrs W.

I've carefully considered everything Mr and Mrs W have said about how they've been impacted as a result, and how they should be fairly compensated in the circumstances.

When making an award for compensation, I must decide what's fair and reasonable to both sides involved, giving careful consideration to all the circumstances of this case. I also think it's important to explain that, as a service, our awards are designed to compensate consumers - not punish organisations.

This case should have been one that Nationwide was able to resolve informally as soon as Mr and Mrs W raised their concerns in January 2025. Mr and Mrs W had video recordings to evidence the issues they described with the online service. Nationwide wasn't willing to open the videos due to a perceived risk of a potential cyber-attack. And it didn't consider the system screenshots provided to be sufficient evidence on their own. As a result, the complaint wasn't upheld.

Following our service's involvement, Nationwide subsequently agreed to review the video evidence – and in May 2025 it accepted there was a fault with the online rate switch service.

Mr and Mrs W have been caused several months of inconvenience in having to pursue their complaint to this extent. Overall, I consider an award of £150 to recognise the distress and inconvenience caused by Nationwide's actions to be reasonable and in line with this service's guidelines on such compensation¹.

That leads me on to the second part of Mr and Mrs W's complaint. The key issue being the fairness of Nationwide offering different interest rate products to different groups of customers.

I don't think there is anything inherently unfair in a lender choosing to do that, or that it is expressly prohibited by law or the rules and regulations – including the Consumer Duty – that apply.

Under the Consumer Duty, Nationwide is required to ensure that its products offer fair value, and that is what is key in determining the outcome of this complaint.

If Nationwide can demonstrate that the product Mr and Mrs W chose offered fair value, by reference to its costs and benefits, then it follows that I am likely to conclude it hasn't treated them unfairly by offering differential pricing to new and existing customers. So, this is what I have considered. Delivering fair value isn't just about the price (e.g. the interest rate charged) of a product, but broader considerations such as a product's benefits, costs and target market. The FCA provided specific guidance on differential pricing in relation to the Consumer Duty in FG22/5. In section 7 (The price and value outcome) under 7.38, it said:

'The price and value outcome rules do not require firms to charge all customers the same amount. Differential pricing between new and existing customers in the form of clear,

¹ Compensation for distress or inconvenience – Financial Ombudsman service

transparent up-front discounts for either set of customers is not prohibited by the Duty.'

So, the FCA's Consumer Duty guidance explicitly states that differential pricing between new and existing customers is allowed.

However, firms should be able to show how they have considered whether the products they offer represent fair value. We asked Nationwide to provide details of its assessment of fair value, which it has provided to us in confidence. Our rules allow me to accept it as such and not share it – beyond a summary.

In summary, the assessment shows that Nationwide considered a range of factors. They included the product's benefits (such as the ease with which an existing customer could switch to new mortgage deals quickly and at low cost), price (bearing in mind comparable products in the marketplace), and costs. Having carefully considered this information, I am satisfied that Nationwide considered whether its interest rate products offered fair value to different groups of customers.

Nationwide treated Mr and Mrs W the same as all other customers with the same characteristics i.e. an existing customer seeking a product switch at the relevant loan-to-value. I am satisfied Nationwide has demonstrated that the product offered to Mr and Mrs W represented fair value in relation to the cost and benefit of that group of customers.

I would also note that Mr and Mrs W had the option to look at what else was available in the wider market and change lender if they were not satisfied with the products offered by Nationwide

In conclusion, I haven't found that Nationwide has treated Mr and Mrs W unfairly in relation to this part of their complaint. I'm satisfied that Mr and Mrs W were offered the lowest three-year fixed rate deal available to them with no product fee.

My final decision

My final decision is that I uphold Mr and Mrs W's complaint and I direct Nationwide Building Society to pay them £150 compensation to settle this complaint.

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

Arazu Eid
Ombudsman