

The complaint

Mr S complains about the interest rate that Nationwide Building Society is charging on a loan that it made to him.

What happened

Mr S applied to Nationwide for a £15,000 loan in January 2025 which was offered with a representative rate of interest of 6.1%. His application for a loan was accepted but with an interest rate of 6.5%. Mr S took out the loan but complained to Nationwide about the interest rate. It said that it hadn't done anything wrong as Mr S had agreed to receive the loan at an interest rate of 6.5%.

Mr S wasn't satisfied with its response so complained to this service. His complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. She said that Nationwide hadn't done anything wrong in accepting the application at 6.5% or not offering the lower interest rate.

Mr S didn't accept the investigator's recommendation so I've been asked to issue a decision on this complaint. Mr S says that Nationwide should be able to explain the factors influencing the specific rate of interest and he wants an explanation from Nationwide of what personal details of his made the interest rate go up. He says that he applied for the loan one morning and the funds were transferred to his account later that day.

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 S applied to Nationwide for a loan of £15,000 in January 2025 and it offered him loan terms of one, two, three, four and five years with a representative rate of interest of 6.1%. It said:

“Loan term, Representative APR and monthly repayments are shown for the loan amount entered. This is representative of what we offer the majority of our current account members, but it's not based on your personal circumstances. You could pay more or less with a personalised quote”.

Mr S asked for a five year term and Nationwide then offered him a £15,000 loan repayable over five years at an interest rate of 6.5% with 60 monthly repayments of £292.19. Mr S accepted the loan and the funds were paid into his bank account, but he complained to Nationwide about the interest rate.

The interest rate of 6.1% was a representative rate and Nationwide says that interest rates are personal to each customer and the representative APR isn't guaranteed. It says that Mr S was quoted a rate of 6.5% and, as he signed and agreed to the terms and conditions of the loan, it provided him with the loan at the agreed rate of 6.5%. It says that it uses a combination of factors to determine the interest rate but can't provide any specific details as

they are business sensitive.

Nationwide has also said, in response to requests for more information from the investigator, that on the day that Mr S's application was made, it attracted a rate of 6.1% but the application completed the following day at which point internal pricing changes had been implemented so the applicable APR had increased as part of a general adjustment and were not linked to any specific circumstances relating to Mr S. Mr S has provided screenshots showing that a representative interest rate of 6.1% was still being used the day after the loan was made to him. I don't consider it to be likely that the interest rate of 6.5% offered to Mr S was higher than the representative rate of interest of 6.1% as a result of a general adjustment made by Nationwide.

It's clear that Mr S wants an explanation from Nationwide of what personal details of his made the interest rate go up but I'm not persuaded that it's required to provide that information to him. Mr S was offered a loan with an interest rate of 6.5% and he accepted that offer. Nationwide says that had he not wanted to take the loan at 6.5%, he didn't have to agree to complete the application.

I'm not persuaded that there's enough evidence to show that Nationwide should have offered Mr S a loan with an interest rate of 6.1% or that it's required to provide him with further information about the reasons that it offered him a loan with an interest rate of 6.5%. It's clear that Mr S has strong feelings about this issue, so I appreciate that my decision will be disappointing for him. I find that it wouldn't be fair or reasonable in these circumstances for me to require Nationwide to reduce the interest rate on Mr S's loan, to pay him any compensation or to take any other action in response to his complaint.

My final decision

My decision is that I don't uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 August 2025.

Jarrold Hastings
Ombudsman