

## The complaint

Mr D's complaint relates to his mortgage with Nationwide Building Society. He believes that Nationwide has changed the terms and conditions relating to overpayments without telling him. In addition, he is unhappy with the timescales contained within Nationwide's complaint procedure.

## What happened

The mortgage terms and conditions that apply to Mr D's mortgage do not set out the mechanics of how an overpayment is administered.

Section 2 states that the customer can repay all or part of the money owed at any time. This is as long as any related fees and early repayment charges are also paid. In relation to the allocation of the overpayment, the money will be used in the following order:

- any fees, charges or costs;
- any unpaid interest; and
- reduction of the outstanding mortgage balance.

Nationwide's website confirms that as the mortgage interest was calculated daily, all overpayments would reduce the interest payable the following day. It goes on to confirm:

### ***'For overpayments of less than £500***

*We'll reduce your minimum monthly payments at the next natural recalculation point, such as an interest rate change or product expiry.*

### ***For single overpayments of £500 or more***

*We'll automatically reduce your minimum monthly payments the following month.*

*You can change or cancel the way your overpayments affect your mortgage. We call this changing your overpayment preference.*

*You are in control of your overpayment preferences – you can tell us how you want your overpayment money to be used to best suit your individual mortgage needs. For example, reduce monthly payments, reduce term (excluding interest only) or keep both payments and term the same.'*

In March 2025 Mr D contacted Nationwide to arrange a regular overpayment – an additional £100 each month. On 13 March 2025 Nationwide wrote to Mr D to confirm this had been set up and would start to be collected with his direct debit on 1 April 2025. Nationwide stated:

*'If your monthly payment changes, for example at an interest rate change, then the total amount of your mortgage payment will be recalculated. We will still collect the additional amount and this will be included in any payment details we send you.'*

Mr D complained to Nationwide. He said he believed the above information differed from how overpayments were meant to be applied to the mortgage. He said he had not been told about the changes.

On 24 March 2025 Nationwide emailed Mr D and confirmed that it had not changed the terms and conditions of the mortgage or how it treated overpayments. Rather it had simply changed the wording it used in its letters and emails – which is something it did from time to time. Nationwide apologised for any confusion this may have caused Mr D. It confirmed nothing had changed in relation to how an overpayment would affect the mortgage account. The email went on to confirm how overpayments were applied to the mortgage. Nationwide said that if Mr D did not accept what it had said, he should let it know by 26 March 2025.

Mr D responded the same day. He said that he accepted the setup to an extent and was glad to see that the overpayment would reduce both his interest and the mortgage term. However, he said he used to be able to view the term reduction and interest saving on the website, which he could no longer do. He asked what had happened to that functionality. Mr D also raised concerns about the complaint handling process and the amount of time he was given to respond to Nationwide's email.

Nationwide issued a final response letter to Mr D on 25 March 2025. It said the same things that the 24 March 2025 email had said. Nationwide also commented on Mr D's concerns about the complaint handling process.

The following day Nationwide provided Mr D with the link to its overpayment calculator and explained how he could access information about overpayments from within his mortgage account on internet banking.

Mr D and Nationwide continued corresponding about the complaint process and Mr D's dissatisfaction with it. Ultimately, Mr D decided to ask this Service to consider his original complaint and his concerns about Nationwide's complaint procedure.

One of our Investigators looked at the complaint, and explained that complaint handling was not something that fell within our remit. As such, we would not be considering Mr D's concerns about Nationwide's complaint process. He also considered the merits of the remainder of the complaint, but he did not recommend that it be upheld.

Mr D didn't accept the Investigator's conclusions and asked that the complaint be referred to an Ombudsman. Mr D raised concerns about how his complaint was handled. These issues have been dealt with separately and so I won't repeat the details here, but I would assure him that I am aware of those issues.

I issued a decision on 14 August 2025 in which I explained that we were unable to consider Mr D's concerns about Nationwide's complaint handling process.

### **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 D said he thought that the letter of 13 March 2025 indicated that Nationwide had changed how it handles overpayments. I have considered the content of this letter, and I have looked at the full explanation of how overpayments are treated on Nationwide's website.

I acknowledge that the letter did not set out the overpayment process in full. However, I don't think it was meant to – it was informing Mr D that when Nationwide reviewed his monthly

payment in the future, it would continue to collect the additional £100 he wanted to pay. Furthermore, it doesn't contradict anything contained in the full explanation.

I have seen no evidence that Nationwide changed how it handled overpayments before Mr D set up his overpayment arrangement earlier this year. I am also satisfied that Nationwide provided him with guidance on how to find the information he wanted about the impact his overpayments would have on the mortgage when he was unable to find it.

### **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 D to accept or reject my decision before 22 September 2025.

Derry Baxter  
**Ombudsman**