

The complaint

Mr P is unhappy that Nationwide Building Society didn't offer him a more favourable rate of interest on a new loan application after he made a substantial overpayment to an existing loan he held with them, and also that they haven't returned the overpayment that he made.

What happened

Mr P made a substantial overpayment to an existing Nationwide loan, with his intention being that when he then applied for a new loan with Nationwide the overpayment would be considered and he would be offered a more favourable rate of interest. However, when Mr P applied for the new loan, he didn't receive a more favourable rate of interest as he had anticipated. Mr P wasn't happy about this, so he raised a complaint.

Nationwide responded to Mr P but didn't feel they'd done anything wrong in how they'd assessed his application for a new loan, including the interest rate they had offered him. Nationwide also told Mr P that he could request a reimbursement of the overpayment he had made and gave him a specific number to call if he wanted to do so. Mr P wasn't satisfied with Nationwide's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel Nationwide had acted unfairly and didn't uphold the complaint. Mr P remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

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 P has said that he made the overpayment to his loan because he believed that in doing so his subsequent application to Nationwide for a new loan would be looked upon more positively and he would be offered a more favourable rate of interest. But Mr P doesn't appear to have discussed his intentions with Nationwide before making the overpayment, and Nationwide have confirmed that they don't directly consider overpayments on existing loans when assessing an application for a new loan.

Nationwide have also explained that when they received Mr P's application for a new loan, that they assessed it under their present lending criteria and made a loan offer to Mr P, including the offered rate of interest, on that basis. This is exactly what Nationwide would reasonably be expected to do, and it's ultimately for Nationwide, as a credit provider, to decide what rate of interest they will offer to Mr P based on their assessment of his loan application and his overall financial position. It must also be noted that a specific rate of interest isn't a 'right' that a consumer has and is offered to an applicant solely at the discretion of a credit provider.

Mr P is also unhappy that after he made the overpayment, his credit score, as reported by the credit reference agencies ("CRAs") went down, rather than up as he would expect. But Nationwide's role is restricted to accurately reporting information to the CRAs, which there's

no indication that Nationwide haven't done. And Nationwide have no control over the credit score issued by CRAs, which is calculated by the CRAs based on an individual's total reportable credit position. As such, if Mr P is unhappy with his 'credit score', he would need to take that matter up with the CRA that calculated and reported that score.

Finally, Mr P is unhappy that Nationwide haven't returned the overpayment to him. In their response to his complaint, Nationwide provided a specific phone number for Mr P to call to request a reimbursement. It's unclear whether Mr P has or hasn't called that specific number as directed by Nationwide. But I don't agree that Nationwide are withholding money from him, given that he voluntarily overpaid a balance he does ultimately owe to Nationwide.

If Mr P wants to request a reimbursement of that payment from Nationwide, then the onus is on him to contact Nationwide on the telephone number provided to him in the complaint response letter. This applies regardless of whether Mr P has previously attempted to call that number. Alternatively, if Mr P is for some reason unable to call that specific number, he should contact Nationwide via an alternative channel and explain his situation to them. But I wouldn't consider instructing Nationwide to return the overpayment to Mr P without his directly contacting them and requesting it, given that Mr P made the overpayment voluntarily and given that he does owe that money to Nationwide.

All of which means that I don't feel that Nationwide have acted unfairly towards Mr P as he contends here, and it follows from this that I won't be upholding this complaint or instructing Nationwide to take any form of action. I hope that Mr P will understand, given what I've explained, why I've made the final decision that I have.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 2 March 2026.

Paul Cooper
Ombudsman