

The complaint

Mr P complains that Nationwide Building Society requested further funds to redeem his mortgage after the proceeds of sale had been divided between him and his ex-wife. He says that this should not have happened as he contacted Nationwide before completion to make it aware that he had cancelled a direct debit.

What happened

Mr P had a joint mortgage with his ex-wife and the property was sold following the breakdown of the marriage.

In light of the circumstances of this case, Mr P's ex-wife is not a party to this complaint. So I can only comment on whether Nationwide has treated Mr P fairly and I cannot make any recommendations which would impact upon the joint party.

The sale of the property was originally meant to complete on 31 March 2025 and Mr P's solicitors requested a redemption statement on 24 March 2025 for 31 March 2025. As a result of this, Mr P cancelled his direct debit so that the mortgage repayment of £930.23 due on 1 April 2025 was not taken from his account.

The sale was delayed and Mr P's solicitors requested another redemption statement on 1 April 2025 for 9 April 2025 – which is when the sale ultimately completed.

Mr P spoke with Nationwide on 1 April 2025 to explain that he had cancelled the direct debit due on that date and to ask if he needed to make payment. The adviser told him that the payment had been taken and credited to his mortgage account. Mr P says that he confirmed that the money had not left his account.

The sale completed on 9 April 2025 and the proceeds of the sale were divided between Mr P and his ex-wife. Mr P then received an email from Nationwide requesting payment of £930.52, as the direct debit payment from 1 April 2025 had been taken into account on the redemption statement produced on 1 April 2025 but the payment had later been rejected which had left the mortgage account short. Nationwide also advised Mr P's solicitors that they would not release the charge on the property or close the mortgage account until this was paid.

Mr P says that he called on 1 April 2025 to prevent something like this happening and the adviser had previously confirmed that a new redemption statement would be sent for the new completion date. He says that it is unfair for Nationwide to request the money after the event with the money having already been divided between him and his ex-wife.

Mr P also says that he paid an early repayment charge (ERC) of over £5,500 and asked Nationwide if it could make any concessions in relation to this due to the marital breakdown but this was declined. He also says that he asked Nationwide if it would extend his interest-only period beyond six months whilst the mortgaged property was being sold to prevent financial hardship as he was having to pay for a rental property along with the mortgage. However, Nationwide told him that this would affect his credit rating.

Mr P says that these issues have put him in financial hardship and caused difficulties between him and his ex-wife. I understand from Mr P that the shortfall has now been paid equally between him and his ex-wife.

Nationwide says that Mr P was advised on 1 April 2025 that the payment may bounce and be returned to his account, which is what happened. As the April payment was showing on its system as being paid when Mr P's solicitors requested the redemption statement on 1 April 2025, this meant that it had been deducted from the redemption figure. It was only on 2 April 2025 that Mr P's bank rejected the payment and it was returned. This meant that the account was short by £930.23 due to the returned direct debit. Nationwide says that as it was a joint account, Mr P and his ex-wife are equally liable for the outstanding amount and Nationwide will not get involved in how the funds are divided.

Nationwide says that it states in its redemption information that direct debits should not be cancelled to prevent a shortfall or missed payment, so this should have been relayed back to Mr P by his solicitors. Nationwide says that had Mr P contacted it when the money returned to his account, it could have provided a new redemption figure.

Nationwide says that the payment would always have been needed whether it was taken as a direct debit or as part of the redemption figure. It says that the figures given were correct at the time, that the redemption statement showed that the April payment had been deducted, and that Mr P would have seen that the money had been returned to his account. However, it accepted that the call on 1 April 2025 could have been clearer and more detailed and paid Mr P £50 by way of an apology.

In respect of the ERC, Nationwide says that this was part of the agreement Mr P signed up to so it would not be able to waive this.

In respect of the interest-only period, it says that any payment plan would be reflected on Mr P's credit file as this needs to be a true reflection of his financial conduct. It says that the only exception to this is the six-month interest-only period under the Mortgage Charter, which Mr P took advantage of from August 2024 to January 2025 and is only available once. Therefore, it says that the advice he received about a further concession affecting his credit rating was correct.

Our Investigator looked into Mr P's complaint and found that Nationwide could have made it clearer when it spoke with him on 1 April 2025 that if the solicitor requested the redemption statement on the same date, it would show that the payment due on 1 April 2025 had been made. Whilst this payment would always have needed to be paid, the adviser could have been clearer about what may happen if this was not received. The Investigator was satisfied that the money was owed and that Nationwide had notified Mr P and his solicitor about the shortfall quickly. Overall, the Investigator found that the £50 offered by Nationwide was fair to recognise the inconvenience caused in respect of the shortfall. In relation to the ERC, the Investigator was satisfied that this had been charged in accordance with the mortgage offer.

Mr P disagrees with this, so the case has come to me to make a decision. He says that during the call on 1 April 2025, he was informed that a new redemption statement would be provided before the sale was due to complete. Mr P says that his solicitor confirmed that everything was settled and it was only later that Nationwide chased the money, which he says was due to their error or oversight. Mr P also says that Nationwide could have taken his marital breakdown into consideration and waived the ERC.

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.

Having looked at the evidence, I agree with the Investigator's view for broadly the same reasons and I've explained my reasons further below.

In respect of the shortfall, Mr P says that the money did not leave his account at all and that it is not the case that it was taken and then returned. He says that the person on the call on

1 April 2025 indicated that if the payment had not been taken then that was fine and a new redemption statement would be issued before the mortgage was redeemed.

Whilst I can appreciate that Mr P cancelled the direct debit for the April payment with his own bank, he did not notify Nationwide of this prior to the day it was due. Therefore, Nationwide would still have attempted to take the payment on the due date as normal. This means that when Mr P called on 1 April 2025, Nationwide's system showed the payment as having been taken as normal. It was only on 2 April 2025 that this was rejected by Mr P's bank and returned unpaid.

As Mr P's solicitors requested the redemption statement on 1 April 2025, this showed the 1 April 2025 payment as having been taken and therefore included this payment when calculating the redemption figure. So this was correct according to Nationwide's system on that date. It was only a day later that the payment was rejected. Therefore, if the solicitors had requested a new redemption statement from 2 April 2025 then it would have reflected that the payment had returned and this would have been added to the amount needed to redeem the mortgage. It wouldn't be for Nationwide to produce a new statement of its own volition unless this had been requested by the solicitor.

However, I think Nationwide could have been clearer during the call on 1 April 2025 in informing Mr P than any redemption statement provided on that date would include the April payment as being made but that this could be returned as unpaid on a later date, which would mean that the redemption statement was incorrect and the returned payment would be owed in addition to what was shown on the redemption statement.

Whilst I can appreciate that this was frustrating for Mr P – as he had specifically called to make Nationwide aware of the situation – I can't see that Nationwide has made any errors when providing the redemption figures. The April payment would always have needed to be paid, whether this was by direct debit or as part of the redemption payment.

I would expect Nationwide to have made Mr P aware of the shortfall within a reasonable amount of time. I can see that it contacted Mr P and his solicitors on 16 April 2025 to notify them of the shortfall and set out the reason why this was owed. So, as this was only seven days after the redemption, I am satisfied that Nationwide let Mr P know about the shortfall swiftly. Whilst I can appreciate that this caused problems between Mr P and his ex-wife, the money would have been owed jointly and it would not have been for Nationwide to get involved in how this shortfall was paid.

Overall, whilst I can appreciate that the situation was frustrating for Mr P, the money would always have been owed. However, for the reasons set out above, I think Nationwide could have been clearer during the call on 1 April 2025 and I am satisfied that £50 is fair to recognise the inconvenience caused in respect of this issue.

In respect of the ERC, I am satisfied that the mortgage offer sets out that an ERC would be payable if the loan was repaid early. However, I note that an ERC of 4% was payable until 31 March 2025, and this was reduced to 3.5% from 1 April 2025. So, as a result of the completion being delayed, Mr P saved around £800 in the ERC. I can appreciate that this was an additional financial burden for Mr P at an already difficult time, but I wouldn't expect Nationwide to automatically waive this in Mr P's circumstances. And I can't say that Nationwide has done anything wrong in applying the ERC in line with the mortgage terms.

In respect of the interest-only period, I am satisfied that Nationwide advised Mr P correctly when telling him that any further concessions would be reported to his credit file. The Mortgage Charter interest-only period is for a maximum of six months so any further payment arrangements would need to be reported to the credit reference agencies to provide an accurate reflection.

I know that my decision will come as a disappointment to Mr P, but for the reasons set out above I am satisfied that the offer made by Nationwide is fair to recognise the inconvenience caused to Mr P. And I'm not going to ask it to increase this.

My final decision

For the reasons I've explained above, I don't uphold this complaint and don't require Nationwide Building Society to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 24 November 2025.

Rachel Ellis
Ombudsman