

The complaint

Mr and Mrs W complain that Nationwide Building Society did not treat them fairly when they applied to port or transfer their mortgage to another property.

What happened

In 2021, Mr and Mrs W took out a mortgage with Nationwide for £118,379. It had a fixed interest rate of 1.44% until 31 August 2025 over a term of 15 years. An early repayment charge (ERC) applied if the mortgage was repaid before that date.

In June 2023, Mr and Mrs W applied through a broker to port their existing mortgage to a new property and to borrow additional funds over a term of 12 years. But Nationwide would not lend Mr and Mrs W on those terms – it told us that the loan was not affordable under its lending policy because the term took them past its maximum retirement age of 70 years old and they were within ten years of that age. A number of different options were considered, including reducing the amount borrowed and the term of the mortgage.

In September 2023, Mr and Mrs W decided to take a mortgage with another lender, incurring the ERC on their Nationwide mortgage. They said they were left with no choice as they did not want to lose the property they wanted to buy.

Mr and Mrs W complain that:

- They were not treated fairly under the consumer duty and that Nationwide did not provide fair value.
- Nationwide did not give them the support they needed, the communication was poor and the product and services did not meet their needs.
- They incurred an ERC because of the poor service from Nationwide.
- They were discriminated against because of their ages.
- They were moving to care for an elderly relative. The poor customer service and demands for information caused additional stress and anxiety. This impacted Mrs W's business.

Mr and Mrs W want Nationwide to refund the ERC and the difference between the Nationwide interest rate and the rate with the new lender.

The investigator thought that Nationwide's offer of £200 was fair.

Mr and Mrs W did not accept what the investigator said. They responded to make a number of points, including:

- The investigator had given new information and that supports that they weren't properly updated by Nationwide.

- They accepted it could take up to three months to complete a mortgage application – but Nationwide never confirmed how much they could borrow.
- It was unreasonable to suggest that the decision relied on the return of a form and that if the application had been continued it would have been approved.
- They had returned the UK Finance form immediately, yet Nationwide did not tell them how much it was prepared to lend.
- They could not understand how Nationwide as experts had difficulty assessing what should have been a straightforward application with a low loan-to-value. Nationwide appeared to be frustrating their attempts to port a low fixed rate compared to current rates rather than being concerned about affordability.
- Nationwide used delaying tactics and was incompetent. It asked repeatedly for documents that had already been provided, failed to respond to their broker's calls and emails, and changed its mind about how much it could lend.
- Nationwide said there was an issue with Mrs W's age. But Mr W was the applicant and Mrs W's income was only introduced weeks later to further prove affordability if needed, because Nationwide was unresponsive and they risked losing the low fixed rate.
- They did not agree the application was difficult. In June 2021, Nationwide approved the borrowing within 48 hours – as did their new lender. That supports that Nationwide unnecessarily delayed things so that the mortgage did not proceed.
- Nationwide had a responsibility to provide them with the borrowing.

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.

I was sorry to hear about the impact of this matter on Mr and Mrs W. I understand they had good reason to move home quickly and they wanted to keep their existing favourable fixed rate. But they were looking to borrow more money. So it was reasonable for Nationwide to carry out a new affordability assessment. I agree that Nationwide did not handle things as well as it should have. However, it was entitled to make the checks it did – and ultimately it did not formally decline the application, it was Mr and Mrs W's decision not to proceed. I know they believe they were left with no choice. But that was their decision.

The overall length of time taken by Nationwide to review the application was not out of line with what in my experience is a reasonable timescale for a mortgage application. While Mr and Mrs W might not see it that way, I accept that the application was not straightforward. I will explain why.

Mr and Mrs W were both over 60 years old when the application was considered by Nationwide and the intended term took them past the age of 70. It has told us in those circumstances its policy is to consider whether a borrower's income in retirement is sufficient to support the mortgage. Under the relevant law, there is an exemption for financial service providers to make decisions based on a customer's age – but only if they have carried out an appropriate risk assessment based on relevant information from a source on which it is reasonable to rely.

Nationwide has given us its rationale for its policy for lending to borrowers where the term of

the mortgage extends past the borrower's 70th birthday. It said the rationale is confidential – and our rules allow me to accept information in confidence as long as I provide a summary or description of that information. Nationwide explained that it took into account a number of factors, including the state retirement age, data from the Office for National Statistics and Public Health England regarding mortality rates. Nationwide said it applied stricter affordability controls for joint borrowers to mitigate against the risk of a change in the borrower's circumstances during the term of the mortgage. I am satisfied that Nationwide carried out an appropriate risk assessment based on relevant information in setting its policy, bearing in mind its legitimate aim to lend responsibly.

Therefore, it was reasonable for Nationwide to apply its policy when considering Mr and Mrs W's application. And it is the application of that policy that has largely caused the difficulties in this case. When Nationwide applied its policy, it did not consider that the proposed borrowing was affordable over the originally requested term. It is for Nationwide to decide the terms on which it is prepared to lend – and it was reasonable for it to apply its policy in this case.

Looking at everything that happened, I consider that Nationwide made its decisions fairly and in line with its policy. There is no evidence to support that its actions were motivated by an intention to deprive Mr and Mrs W of their existing fixed rate. It was reasonable for Nationwide to request the evidence it did from Mrs W for it to decide if the mortgage was affordable.

There was a solution in reducing the amount of borrowing and the mortgage term and I can see that Nationwide was exploring that. But Mr and Mrs W decided to proceed with a different lender before it had made a final decision. I understand their reasons for that. I agree that there were service failures by Nationwide. It did not give Mr and Mrs W all of the information they needed and there were some delays throughout the process.

While I understand that Mr and Mrs W were under pressure to complete their sale and purchase, Nationwide had not formally declined the application, it was waiting for a disclosure form to be completed before it could complete its underwriting. Mr and Mrs W said they had returned the form, but the valuer did not consider that it contained all of the necessary information. It was Mr and Mrs W's decision not to provide that information and to not continue with the application.

When Mr and Mrs W took out the mortgage, they agreed to pay the ERC if the mortgage was repaid before 31 August 2025. So Nationwide was entitled apply the ERC when they repaid the mortgage. I note that under the consumer duty the ERC was what is called a "vested right" as it was in existence before 31 July 2023. Therefore, Nationwide would not be required to waive the ERC. And as I've found that it was Mr and Mrs W's decision not to proceed with the Nationwide application, I do not see how I could fairly say that the ERC should be refunded.

I accept that Nationwide did not treat Mr and Mrs W fairly when it considered the application. Looking at everything that happened, I consider that Nationwide's offer of £200 is fair in all the circumstances bearing in mind the errors I have identified. I know that will not compensate Mr and Mrs W for all of the stress and inconvenience they experienced as a result of this matter. But that reflects that I do not consider that Nationwide acted unfairly in not agreeing to lend the amount they wanted, in requesting additional information or for the application not proceeding and Mr and Mrs W incurring the ERC – and those things caused them stress and inconvenience.

My final decision

My final decision is that Nationwide Building Society should pay Mr and Mrs W £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W and Mr W to accept or reject my decision before 10 February 2026.

Ken Rose
Ombudsman