

The complaint

Mr S complains that Nationwide Building Society merged his two personal loans and charged him a higher interest rate rather than running the loans side by side on separate interest rates.

What happened

Mr S held a personal loan with Nationwide which had an interest rate of 8%.

Mr S telephoned Nationwide to apply for a further personal loan on 30 July 2025. The interest rate quoted for the second loan was at an interest rate of 29.9%. During the call, the agent provided Mr S with information for keeping the loans separate and combining them, including interest rates and monthly payments.

During the call Mr S chose to combine the two loans, meaning that they would be merged into one loan with a new interest rate of 29.9%.

Mr S complained to Nationwide. He was unhappy that the loans had been combined at a higher interest rate.

Nationwide didn't uphold the complaint. It said it hadn't made an error because all the information was provided to Mr S over the phone and he chose to combine the loans.

Mr S remained unhappy and brought his complaint to this service,

Our investigator didn't uphold the complaint. They said they had listened to the call and they were satisfied that the agent provided clear information about both options and that Mr S had chosen the option to combine the loans.

Mr S didn't agree so I've been asked to review the complaint.

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 know it will disappoint Mr S but I agree with the investigator's opinion. I'll explain why.

I've listened to the call recording dated 30 July 2025. The agent explained the options available to Mr S, which were to run the two loans separately or combine them. The agent explained the interest rate applicable for each option and explained the difference in cost when it came to repaying the loans.

Specifically, the agent explained to Mr S that combining the two loans would mean paying £608.05 per month which meant that over the term of the loan Mr S would pay £5518.17 more in interest. The agent explained that if Mr S kept the loans separate, he would pay £309.81 for the new loan as well as £210 for the existing loan.

The agent asked Mr S what he wanted to do and Mr S said he wanted to combine the loans. The agent clarified with Mr S that this would mean paying £5000 more in interest and Mr S said he wanted to go ahead.

Based on what I've heard in the call, I'm satisfied that the agent gave clear information to Mr S so that he could make an informed choice. Mr S chose to combine the two loans.

I appreciate that Mr S contacted Nationwide the following morning because he had changed his mind. However, by that time the first loan had been paid off, and the new consolidated loan had started. So, it wasn't possible for Nationwide to revert back to two loans. The agent had explained to Mr S on the call the day before that if Mr S changed his mind, the bank wouldn't be able to take back the new amount on its own because the two loans once combined would become one product.

For the reasons I've explained above, I'm unable to uphold the complaint. I haven't found any evidence to suggest that Nationwide has made an error or treated Mr S unfairly.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 January 2026.

Emma Davy
Ombudsman