

The complaint

Mr V complains that Nationwide Building Society gave him incorrect information about how much an overpayment would affect the term of his mortgage.

What happened

In 2018, Mr V took out a mortgage with Nationwide over 35 years. The terms of the mortgage allowed Mr V to make overpayments – and Mr V used this feature with the intention of reducing the term of his mortgage.

In January 2025, Mr V spoke to Nationwide. He asked how much his mortgage term would reduce by if he made a lump sum payment. He was told twice that it would reduce the term of the mortgage by over nine years. But when Mr V came to make the lump sum payment he was told it would only reduce the term of the mortgage by around five years. He went ahead and paid the lump sum.

Mr V's overpayment allowance reset on 1 February 2025. He said that he was intending to make another lump sum overpayment. But because of delays in receiving information from Nationwide he has not paid that amount to his mortgage, resulting in additional interest being applied.

The investigator thought that Nationwide's offer to pay Mr V £175 and to backdate the overpayment to 1 February 2025 was fair.

Mr V did not accept what the investigator said, he responded to make a number of points, including:

- He was given incorrect information twice and it was only on the third phone call that he was given the correct information. Nationwide should not benefit from that. The investigator had failed to acknowledge that the only thing preventing a worse outcome was his own actions.
- Based on the incorrect information he rearranged his personal finances causing a loss of interest, and borrowed money from family who incurred charges and loss of interest. Had he been told the correct information at the outset he would have chosen a different strategy entirely.
- The incorrect information influenced his decision to make the further overpayment based on his expectation that it would reduce the term of the mortgage in a similar way.
- The timing of the correct information created pressure and forced decision making under pressure. By the time the correct information had been provided he'd already rearranged his finances, incurred costs, borrowed funds and set up everything to proceed. He was also told that it was better to make the payment now rather than delay and lose the ability to make the payment.
- The offer of £175 does not reflect the loss and impact caused by this matter.

- Nationwide's delays made things worse. It took six weeks to respond to his complaint and did not call him back as promised.
- He is not looking to be put in a better position. He wants to be put in the position he would have been in had he been given the correct information in the first place.

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.

It isn't in dispute that Nationwide gave Mr V incorrect information. In those circumstances we would not tell Nationwide to honour the incorrect information – we'd usually look at what Mr V would have done differently had he been given the correct information in the first place.

The difficulty I have is that Mr V was given the correct information before he made the lump sum payment. While Mr V might have arranged his finances based on the incorrect information he'd originally been given, it was his decision to continue with the lump sum payment even though it would not reduce the term of his mortgage as much as he'd initially been led to believe.

Mr V said that he was put under pressure to make a decision – but at the point he made the decision he had enough information to make an informed decision what to do. And as I will explain I do not think his later actions supported that he would have done anything differently – even if I accept everything he's said.

In the circumstances, I don't see how I could fairly conclude that Nationwide was responsible for Mr V's decision to proceed with the lump sum payment. It was open for him not to make the payment. If he'd not done so we could look at whether he'd changed his position based on the initial incorrect information. But as he made the lump sum payment when he knew it would not reduce the term of the mortgage to the extent he initially believed, I think it would be difficult for me to conclude that he would not have done so had he been given the correct information from the outset – or that Nationwide therefore was responsible for any losses that flowed from that decision.

I can't see that Nationwide gave Mr V any information regarding the impact of any further overpayments to his mortgage. So I do not see how I could fairly say that Nationwide was responsible for his decision to arrange his finances to make further overpayments. And despite everything I understand that Mr V still intends to make the further overpayment. I do not think that supports his position that he would have acted differently in respect of the overpayment he did make or the intended overpayment had he been given the correct information. In the circumstances, I think it would be difficult for me to say that Mr V would not have proceeded with the first lump sum overpayment if he'd been given the correct information.

Under the relevant rules, Nationwide had eight weeks to formally respond to Mr V's complaint. So I don't think that Nationwide delayed responding to the complaint. But I accept that it incorrectly raised Mr V's expectation regarding how long that would take. I have taken that into account below. In saying that, I accept that Mr V has been frustrated from making the further overpayment by this ongoing complaint. I think it is fair for Nationwide to honour its offer to backdate that payment to 1 February 2025, even though Mr V has had the benefit of that money over that time, provided Mr V makes that payment within a reasonable time following the resolution of this complaint.

I don't consider Nationwide was responsible for Mr V's decision to make the lump sum

payment. So I see no reason why it should compensate him for any costs or losses he believes he may have suffered as a result of this matter. I accept that the incorrect information has caused Mr V unnecessary distress and inconvenience. He had the shock of discovering the overpayment would not reduce the term of the mortgage by as much as he was initially led to believe and his expectations were raised in respect of the length of time it would take for Nationwide to respond to his complaint. In all the circumstances, I think the amount already paid by Nationwide of £175 is fair to reflect the distress and inconvenience this matter has caused to him.

My final decision

My final decision is that Nationwide Building Society has already paid a fair amount to settle this complaint. But it should honour its offer to backdate the lump sum overpayment to 1 February 2025 if Mr V makes the overpayment he was entitled to make within 28 days of accepting this decision.

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

Ken Rose
Ombudsman