

The complaint

Miss D complains that Nationwide Building Society made errors which prevented her submitting a porting application. She had to take out a mortgage elsewhere and paid an early repayment charge (ERC) to Nationwide. She asks that the ERC is refunded.

What happened

Miss D had a mortgage with Nationwide. She wanted to move home and in December 2024 asked a broker to make a porting application to Nationwide. Nationwide's system didn't allow the broker to submit a porting application. As the problem was still not sorted out by early January 2025 Miss D applied for a mortgage elsewhere. When Miss D sold her property she paid an ERC to Nationwide.

Nationwide accepts there was a problem with its systems which meant Miss D's broker couldn't submit a porting application. It offered compensation of £150. It didn't agree to refund the ERC, saying there was no guarantee a porting application would be successful. Miss D says it is unfair for her to have to pay the ERC, and for Nationwide to benefit from its own errors.

I sent a provisional decision explaining why I intended to uphold the complaint and order Nationwide to pay compensation of £500 to Miss D. My reasons were substantially the same as set out below. Both Miss D and Nationwide agreed.

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.

Miss D wanted to buy a new build property. She agreed with the developer to exchange contracts in mid-February 2025. In December 2024 Miss D asked her broker to start a porting application with Nationwide.

Miss D's broker was unable to submit a porting application to Nationwide. Nationwide said this was because Miss D's date of birth was incorrect in its records. Miss D provided evidence to update her date of birth. However, the broker was still unable to submit a porting application.

Miss D tried to sort out the problem. She provided evidence of her date of birth as soon as she was told about the problem (in mid-December 2024). She contacted Nationwide after this to try and sort out the problem. When the problem remained unresolved, she raised a complaint (on 9 January 2025).

Miss D applied for a mortgage elsewhere in January 2025. She says she'd tried to resolve the matter and been told by Nationwide there was nothing more it could do.

By the time Nationwide corrected the error (12 February 2025), only four days remained before the agreed exchange date. Miss D said this was too late for her to start a porting

application. Miss D exchanged contracts in mid-February 2025 and completed at the end of February 2025, with a mortgage from another lender.

Miss D could have asked the developer whether the agreed date could be extended. The reservation agreement says it can be extended if agreed in writing. I don't know if the developer would have agreed, or if the terms would have been the same. It's possible Miss D would also have had to agree a new exchange date with her purchaser. And she only had a few days in which to do this.

Miss D could have submitted a porting application and it's possible Nationwide would have issued an offer in time for her to go ahead with exchange and completion on the agreed dates, or soon after. But given the short amount of time available, there was a real risk that wouldn't be the case, even if things went smoothly. And Miss D had encountered problems that meant she'd been unable to even submit an application to Nationwide for about two months. Miss D couldn't be certain of the outcome of a porting application, especially as she increased her borrowing from about £53,000 to about £112,000.

Miss D had a mortgage offer from another high street lender. I think in the circumstances it was reasonable for Miss D to proceed with the mortgage offer she already had. She paid an ERC to Nationwide.

This service isn't a regulator and we can't punish or fine a business. If we find that a business made an error, we try to put the consumer into the position they ought to have been in, but for the error. If Nationwide had updated its systems correctly in December 2024 Miss D's broker would have submitted her porting application.

If Miss D had submitted a porting application to Nationwide and this was successful, she wouldn't have paid the ERC (of about £915). However, I don't think it's fair to require Nationwide to refund all of the ERC. I've explained below what I've taken into account when considering what compensation is fair and reasonable.

Miss D's new mortgage has a fixed interest rate of 4.47% until March 2027. The fixed rate Miss D had with Nationwide was 4.95% until August 2026. If she'd ported the mortgage she'd have had to take out a new rate for the additional borrowing. We asked Nationwide for its interest rates at that time. The interest rate for a two year fixed rate without a product fee was 4.59%.

Miss D's fixed rate was due to expire in August 2026 and I can't know what rate she'd have been able to secure for the ported part of the loan after this. There are other differences between the mortgages, such as the new mortgage having a longer term. And Miss D paid the ERC when her sale completed, and will only have the benefit of the lower interest rate over time.

But broadly I think it's fair to say that Miss D's interest costs will be about £500 less over the first 18 months after taking out the new mortgage, as compared to staying with Nationwide. As the ERC was about £915 I think it's fair to say Miss D is about £385 worse off as compared to if she'd been able to port.

I can't fairly find that Miss D certainly had financial loss of about £385. That's because even if Miss D had submitted a porting application, it might not have been successful, especially as she increased her borrowing significantly. That would have left Miss D in the same position, having to take out a mortgage elsewhere and pay the ERC.

However, I don't think it was fair for Nationwide to say no compensation is warranted on the basis a porting application might not have been successful. The reason Nationwide didn't

assess Miss D's application was because of its own system errors, not because Miss D didn't try to submit a porting application. Miss D lost the chance to have her porting application fairly reviewed, and possibly avoid paying the ERC.

I'd note here that Miss D was offered a mortgage by a high street lender within a short period of time, which could suggest there wasn't an obvious problem with her application.

Miss D was caused inconvenience and upset as a result of Nationwide's errors over about two months. This was when she was in the sale and purchase process, which is itself stressful. She wanted to make a porting application – which was the only route available for her to move home without paying the ERC. It must have been frustrating to be told by Nationwide there was nothing it could do, to enable her to pursue her preferred route of making a porting application. And paying the ERC meant she had less funds than she'd expected to spend on the new property.

There's no calculation or formula that I can use here to say that an amount of compensation is exactly right. I can only suggest an amount of compensation that I think is fair to both parties. Taking all of the above into account, I think it's fair and reasonable to require Nationwide to pay £500 (in total).

My final decision

My decision is that I uphold this complaint and order Nationwide Building Society to pay £500 to Miss D.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 26 March 2026.

Ruth Stevenson
Ombudsman