

complaint

Mr M and Miss G complain that Nationwide Building Society didn't explain the early repayment charge clearly enough. They want compensation.

background

Mr M and Miss G took out a fixed rate mortgage with Nationwide. Mr M said he didn't realise how high the early repayment charge would be if the mortgage was repaid early, particularly if the mortgage was paid towards the end of the fixed rate period. Mr M said he was given a key facts illustration but didn't really look at it. He also said the charge wasn't clear enough in that document. Mr M felt the mortgage was mis-sold as they could have picked a shorter fixed rate mortgage and complained.

Nationwide said that Mr M was told about the charge and both he and Miss G signed to say they'd read the key facts illustration. It pointed out Mr M had previously had a fixed rate mortgage and they usually have a charge for early repayment. But it accepted when Mr M called recently to discuss the charge, he was given incorrect information and offered £200 compensation for this.

Mr M and Miss G complained to us. The adjudicator's view was that the charge was clearly explained in both the key facts illustration and the mortgage offer, so Nationwide wasn't at fault. Mr M and Miss G disagreed.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I'm not going to deal with the issue of what Nationwide told Mr M when he called this year to discuss the charge as this wasn't what Mr M and Miss G complained about when they came to us.

I think the early repayment charge is clearly explained in the key facts illustration and the mortgage offer. It explains when it applies, how much it will be, and that it doesn't reduce over the fixed rate period. I also don't think Mr M and Miss G were pressured into accepting the mortgage. I understand Mr M didn't read the documents closely, but that isn't Nationwide's fault.

Mr M has said he thinks the charge should have been explained to him over the phone. The charge is mentioned in the calls, but not in detail. But Mr M told Nationwide he wasn't going to move or make any overpayments, and Nationwide followed up the calls with the key facts illustration and mortgage offer setting out the charge in detail. Mr M and Miss G could then read those documents in their own time and call back with any questions. I don't think Nationwide has done anything wrong.

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 M and Miss G to accept or reject my decision before 16 November 2015.

Claire Sharp
ombudsman