

The complaint

Mr and Mrs H complain about mortgage advice they got from their existing lender, Nationwide Building Society, shortly after the September 2022 mini-budget. They felt Nationwide let them down, and meant they ended their existing mortgage deal early.

What happened

In October of 2022, Mr and Mrs H were in the last year of a two year fixed interest rate deal. Following the market turmoil caused by the September 2022 mini-budget, they sought mortgage advice from Nationwide, about ending their existing deal early. Mr and Mrs H decided then to remortgage, but they said they now felt they weren't presented with the full facts, and there was a lack of transparency from Nationwide. They said they'd ended up being charged too much in mortgage payments as a result.

In particular, Mr and Mrs H said they weren't told that the re-mortgage offer they were given on 14 October 2022 would be held for them until 28 November 2022. Rather, they were told that an offer produced on that date, was only valid for that date. They said if they'd realised they had until 28 November to decide, they would have taken more time to think, and would have ended up with a lower rate. Mr and Mrs H also said their advisor didn't set out the features of a tracker deal, especially the lack of any Early Repayment Charge ("ERC") on that sort of deal. They thought this should have been covered for them.

Mr and Mrs H wanted their mortgage to be re-negotiated now without penalty, and the ERC they paid to exit their previous deal to be refunded to them.

Nationwide didn't think it had done anything wrong. It felt its advisor discussed the options with Mr and Mrs H, and they'd chosen to go ahead with a new mortgage deal on the day. Nationwide said its advisor had discussed the products available to them, and could have explored any options further, including a tracker, if that was something Mr and Mrs H wanted to do. Nationwide also felt that its advisor had been clear they didn't need to go ahead on the day, but they chose to do so.

Although Nationwide's letters to Mr and Mrs H weren't clear on whether the offer they received, which said it was valid until 28 November 2022, was actually open to them until then, Nationwide has now clarified that if Mr and Mrs H did want to end an existing fixed rate deal early, and pay an ERC, they could only do so on the same day that they'd received advice (so here, 14 October) and that they were only eligible for this switch to take effect on 1 November 2022. So the offer couldn't be held open until 28 November 2022 for them.

Our investigator didn't think this complaint should be upheld. He said Nationwide's advisor had made it clear that Mr and Mrs H were under no pressure to proceed. The advisor did explain that they could accept the rate offered then, or if they wanted to wait, and switch in future, they'd then have to accept the rate on the day. But our investigator didn't think this was done to put any pressure on Mr and Mrs H.

Our investigator didn't think the advisor had failed to offer other options to Mr and Mrs H, and he said Mr and Mrs H had set out themselves why a tracker wouldn't be suitable for them.

Our investigator said Mr and Mrs H's offer did say it was valid until 28 November 2022, but he thought that was due to a problem with Nationwide's systems, and that Mr and Mrs H had been correctly advised of when their rate would take effect on the call they had.

Mr and Mrs H didn't agree. They said Nationwide hadn't explained why it was issuing mortgage offers with the wrong date. Our investigator said Nationwide's offer was only valid for that date because they were coming out of an existing deal early, and the ERC and interest rates offered were only valid for that day. Mr and Mrs H continued to object, as they still felt it was poor service for Nationwide not to cover the standard features of the three main mortgage product types available to customers in any advice call. And they said they were given a formal contract which said the offer stood until 28 November 2022, so they felt Nationwide was in breach of contract to have said otherwise.

Because no agreement was reached, this case came to me for a final decision.

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've reached the same overall conclusion on this complaint as our investigator.

I'd like to start by setting out the quite particular difficulties of the situation Mr and Mrs H were in, when they asked to review their mortgage position with Nationwide. They were clearly well aware of the market turmoil which was produced by the September 2022 mini-budget, and were asking for a review before the then government appeared to start to step back from some of the measures in that budget. (The then chancellor was replaced on the day Mr and Mrs H had their call with Nationwide's advisor, and a few days later, the then Prime Minister resigned.)

This was an extremely difficult time, causing great concern for most mortgage holders. Mr and Mrs H chose to face those concerns. The decisions Mr and Mrs H chose to take at the time were enormously difficult ones. I've kept that firmly in mind when reviewing this case.

I have also to keep in mind, however, that whilst Nationwide's mortgage advisor was able to offer detailed advice on how changes to their borrowing would affect their payments, he was also clear that he just wasn't able to predict for Mr and Mrs H which way mortgage interest rates, and the economy in general, would go. He simply couldn't tell them if they were better off fixing their mortgage at a new rate on that day, or not.

Mr and Mrs H's complaint rests on two points, they felt they were pressured into taking a mortgage deal out on the day, and not told they had until 28 November 2022 to accept the offer, and their advisor didn't explain their other options, in particular a tracker mortgage.

I've listened to the advice Mr and Mrs H were given, and the discussions they had with the advisor. I think that he did explore whether they might be interested in a tracker mortgage product, but I think Mr and Mrs H had already made clear in that conversation that they would not be interested in a product with that level of risk. And I think that also fits with the conversation the advisor had with Mr H the day before.

I also don't think Mr and Mrs H were pressured into taking out a deal on the day they had their discussions with Nationwide. I think both they and the advisor appreciated the difficulty of the decisions that they were making, and the high level of uncertainty surrounding those decisions. But I don't think Mr and Mrs H were led in any particular direction.

I know Mr and Mrs H say emotive language was used, but I think it was simply in recognition of such very high levels of uncertainty that the advisor referred to the concepts of "risk" and "gamble". I don't think that indicates the advisor was trying to steer them in any direction.

I also note that the advisor told Mr and Mrs H they didn't have until 28 November to accept a deal, he was clear that the rates Nationwide was offering that day couldn't be held for them, and they needed to accept those on that day, or risk them changing. So I think this didn't form part of the advisor's advice to Mr and Mrs H – to hold their existing offer until 28 November – because that wasn't actually an option for them.

I understand it was frustrating for Mr and Mrs H to then be given an offer which said it was valid until 28 November, and made them think they didn't have to decide on the spot after all. I recognise this is undesirable, but I think Nationwide explained this is a system limitation. I don't think it's surprising if Nationwide found itself unprepared for the scale and speed of change in mortgage rates which followed the mini-budget, and which led to far larger numbers of customers considering exiting fixed rate deals early. Although I think providing the wrong date on the offer was unhelpful, I also think the advisor had already set out the situation clearly, so I don't think Mr and Mrs H's complaint should be upheld because of this.

I also understand that Mr and Mrs H would then be deeply disappointed to find out that they could have secured a better deal after this, and are currently tied in to a five year deal at a higher rate. However, I think this just an unfortunate product of the uncertainty at the time, and the best decision Mr and Mrs H could make at the time and in those extremely difficult circumstances. I don't think Nationwide's advisor is responsible for that decision. So, although I know that Mr and Mrs H will be disappointed by my conclusions here, I don't think this complaint should be upheld.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 28 March 2024.

Esther Absalom-Gough

Ombudsman