

The complaint

Mr M complains about the very poor service he has received from Nationwide Building Society in connection with his mortgage.

He also complains about the amount of redress it has paid him to put matters right.

What happened

Mr M held a mortgage with Nationwide jointly with a family member. Very sadly in 2017, the joint mortgage holder passed away. Mr M says he notified Nationwide at the time, but for whatever reason, it has no record of having been notified in 2017 and the mortgage remained in joint names.

In late 2021, Mr M contacted Nationwide as his existing mortgage product was ending and he wanted to arrange a new fixed rate. Nationwide explained that it needed consent from both mortgage holders before it could arrange a new mortgage product.

Mr M then arranged for the mortgage to be updated to reflect that he was the sole mortgage holder. However, as he was not able to transfer to a new mortgage product when his previous mortgage product ended, the mortgage reverted to Nationwide's standard variable rate (SVR). As a result, Mr M's monthly mortgage payments were higher than they would have been if he had been able to transfer to a new mortgage product as soon as the previous product ended.

Mr M complained to Nationwide. In May 2023, it issued a response to his complaint. It apologised for the problems he had experienced. It said that in October 2021, when Mr M first contacted it to arrange a new mortgage product, it could have temporarily removed Mr M's relative's name from the mortgage to allow a new mortgage product to be arranged.

To put matters right Nationwide offered Mr M the opportunity to select a mortgage product that would have been available to him in October 2021, and it said it would backdate the interest rate to 1 November 2021. It said that the additional interest Mr M had paid while he was on its SVR would be credited to his mortgage account, reducing the outstanding balance.

It subsequently said it would refund the additional interest payments Mr M had made instead of using the money to reduce the mortgage balance, if this was Mr M's preferred option

It also said that it would arrange for Mr M's credit file to be amended to reflect that if he had been able to switch to a new mortgage product in November 2021, he would not have had to pay the higher SVR when his previous mortgage product expired and could therefore have avoided falling behind with his mortgage payments between November 2021 and September 2022.

To compensate Mr M for the trouble and upset this matter had caused him Nationwide initially paid Mr M £200, this was increased to a total of £650 by September 2023.

Mr M discussed his complaint and whether to have the interest he had overpaid credited to his mortgage account, or refunded to him, in several calls with Nationwide. During one call in August 2022, Nationwide incorrectly told Mr M it would use the additional £4,601.88 in interest Mr M had paid since October 2021 (as a result of being on its SVR), to reduce his mortgage balance and also refund the interest overpayments to his bank account.

When this error came to light Nationwide apologised. It paid Mr M a further £250 bringing the total paid for the trouble and upset its poor service had caused to £650, in addition to the £4,601.88 that it had refunded to his mortgage account.

Mr M was not satisfied with Nationwide's response and referred his complaint to this service.

Having carefully considered Mr M's complaint our investigator said she felt the compensation Nationwide had paid to Mr M was fair and she didn't think it needed to do more to put matters right.

Mr M remained unhappy with the compensation he had received from Nationwide. He said he felt it should honour the offer it had made in the telephone conversation in August 2022, to reduce his mortgage balance by the £4,601.88 in additional interest he was charged while the mortgage was on the SVR **and** refund this amount to him.

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 am sympathetic to Mr M's position and I have very carefully considered the points he has made.

It is not in dispute that the service Mr M received from Nationwide was unsatisfactory and resulted in Mr M not being able to transfer his mortgage to a new fixed rate product in November 2021, when his previous mortgage product ended. It also raised Mr M's expectations when it incorrectly said it would reduce his mortgage balance by the amount of additional interest he had paid when he was on the SVR **and** also refund this amount to him.

What is in dispute is whether the redress that Nationwide has already paid to Mr M is adequate compensation for the trouble and upset this matter has caused Mr M.

I have listened to the call recordings Nationwide has provided to this service of the conversations Mr M had with its representatives. In the conversation Mr M had with Nationwide in August 2022, I think there was a genuine misunderstanding about whether Mr M would receive a refund of the additional interest payments he had made as a result of being on Nationwide's SVR and a reduction in his mortgage balance.

I don't think there was any intention to mislead Mr M but I do think that the explanation Mr M received should have made it clear that he could choose **either** to receive a refund of the additional interest he had paid **or** to use the money to reduce the mortgage balance.

When determining complaints, I am required to be fair to both parties. Having carefully considered this complaint I don't think it would be fair to require Nationwide to pay Mr M the amount he overpaid in interest, when this amount has already been deducted from his mortgage balance. I do understand that Mr M was disappointed when Nationwide said it wouldn't pay him the amount he had overpaid in interest **and** reduce his mortgage balance,

but I don't think it would be fair for Mr M to benefit financially from a genuine mistake on Nationwide's part and to effectively be refunded twice.

However, I do think Mr M should be compensated for the trouble and upset the poor service he has received from Nationwide has caused him. Having carefully considered this I think the £650 Nationwide has already paid Mr M is fair in the circumstances of this complaint. I don't think it needs to do more than it has already done to put matters right.

I note that when Mr M discussed our investigator's view of his complaint he said he would contact this service if his credit file had not been updated by Nationwide to remove information about the arrears accrued between November 2021 and September 2022. As Mr M has not provided anything to show that Nationwide failed to amend his credit file I have not considered this aspect of his complaint any further.

My final decision

My decision is that, for the reasons I have set out above, I think the compensation Nationwide Building Society has already paid to Mr M is fair and reasonable and I don't think it needs to do more to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 May 2024.

Suzannah Stuart
Ombudsman