

The complaint

Miss S complains that Nationwide Building Society didn't tell her the deadline for applying for a new interest rate on her mortgage, with the result that she submitted an application late and had to pay more interest for a month as a result.

What happened

Miss S has a mortgage with Nationwide. Her existing fixed interest rate was due to expire on 31 October 2023.

Nationwide wrote to Miss S inviting her to apply for a new interest rate. It also said that if she wanted a new rate to take effect on 1 November, following on directly from the old one, she would need to complete an application by 10am on 26 October.

Miss S says that she tried to apply online on 26 October, but was having problems with Nationwide's website. She says that she eventually managed to complete an application. But she later discovered that hadn't gone through. She eventually managed to complete an application that afternoon, but too late for the new rate to be implemented on 1 November. The new rate only took effect on 1 December, which meant Miss S had to pay the higher reversion rate for November.

Miss S complained. She said she'd tried to complete an application. It wasn't fair her new rate didn't start until December. Paying the higher interest in November had caused her financial difficulty. She wants Nationwide to backdate the rate and refund the extra she paid in November, and to compensate her for the upset caused.

Nationwide investigated, and found evidence that Miss S had completed an application at 4.08pm on 26 October. However, as this was after the 10am cut-off, it didn't agree to backdate the rate to cover November.

Miss S wasn't happy with that. She said she'd tried repeatedly throughout the day only to be faced with technical problems with the Nationwide website. She didn't think she should lose out because of problems with the website which weren't her fault. She said she hadn't received the letter, and so wasn't aware that there was a deadline or a particular cut-off time. As far as she was concerned, she had tried to apply in good time before her previous rate expired.

Our investigator didn't uphold the complaint. So Miss S asked for it to be reviewed by an ombudsman.

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.

Nationwide sent Miss S a letter in early October 2023. The letter reminds her that her current interest rate deal expires on 31 October, and sets out some of her options and how to switch

rates. Down the side of the page there is information about her mortgage, and the following text in a box and in larger font than the body text of the letter:

“Complete your application before 10am on 26th to switch for next month”

As well as the whole message being placed in a box and in large font to make it prominent, the “26th” is in bold type and a much larger font than the rest of the message.

Miss S says that she didn’t receive this letter. However, it is correctly addressed. I’m satisfied Nationwide sent it. Post does occasionally go astray, but that is a rare occurrence and Miss S hasn’t told us of wider problems with post at her property or in her area. It’s possible she did receive it and didn’t read it, or didn’t realise its significance, at the time, or doesn’t remember receiving it now. On balance, I think it’s more likely than not that the letter was correctly delivered to her property. I think this is supported by the fact that she did submit an application on the date set out in the letter, and says that she tried to do so earlier in the day than she in fact managed to do.

Miss S applied for her new rate online. We asked Nationwide for evidence of what she would have seen when she applied. Nationwide said it couldn’t provide screenshots of what she would have seen at the time. But it said it didn’t think that the 10am cut-off time would have been displayed; Miss S would simply have seen the rates available to her.

Clearly the deadline is an important piece of information. Making an application before the deadline ensures a new rate was in place in time; missing the deadline meant it wasn’t, and meant Miss S would pay a higher rate of interest for at least one month.

With that in mind, I’ve thought about Nationwide’s obligations when providing information to its customers. Because this was after 31 July 2023, it was subject to the regulator’s consumer duty as well as the general principles for business.

The rules say that Nationwide must:

Support retail customer understanding so that its communications

- (a) Meet the information needs of retail customers;
- (b) Are likely to be understood by retail customers; and
- (c) Equip retail customers to make decisions that are effective, timely and properly informed.

[Nationwide] must communicate information to retail customers in a way which is clear, fair and not misleading.

The letter is, in my view, clear fair and not misleading. It’s likely to be understood, and equips Miss S with the information she needs to make an effective and timely decision. It does that by explaining how to apply for a new rate, and by giving prominence to the deadline for doing so.

Nationwide accepts that when Miss S went online, however, the deadline wasn’t displayed – only the available rates.

However, I don’t think that means Nationwide acted unfairly, or failed to ensure Miss S’s understanding.

I say that because the rules require it to equip customers to make decisions that are effective, timely and properly informed. In this situation, there is not one decision to be made, but two.

The first decision is whether or not to apply for a new interest rate at all. Some customers don't want to take a new rate with their existing lender. That might be because they want to shop around, because they haven't yet decided what to do, or they have some other plans which means they don't want to be tied in and would prefer the flexibility of the reversion rate. But other customers (such as Miss S) do want to take an existing rate with their new lender.

Having made the first decision and decided to apply for a new rate with Nationwide, Miss S's second decision was to decide which rate to apply for. These are two separate decisions, requiring different sorts of information to be provided.

When she went online to book a rate on 26 October, Miss S had already made the first decision – to apply for a rate – and was now making the second decision – which rate to apply for.

I don't therefore think that Nationwide's failure to display the deadline at the point at which Miss S was booking the rate online meant that it failed to equip her to make a timely and effective decision. At that point, she had already made the decision to apply for a rate. The decision she was now making was which rate to select. To help her make that decision, Nationwide needed to give her information about the rates it had available – not the deadline for making the earlier decision she'd already made.

With that in mind, and bearing in mind my finding that it's more likely than not that the letter was delivered to her address, I'm satisfied that Nationwide complied with its obligations to give Miss S sufficient information to make effective and timely decisions about her mortgage.

In the letter, it told her how to apply for a new rate and the deadline for doing so – this was enough to enable her to make the first decision, to go online and apply for a rate. And on the website it told her what rates were available – this was enough to tell her what she needed to know to make the second decision, which rate to apply for. I don't think that failing to repeat the deadline on the website meant that Nationwide acted unfairly here.

Finally, Miss S says that she did try and submit an application on 26 October, the day of the deadline. But she wasn't able to complete her application until late afternoon because of problems with the website. We asked Nationwide about this. It said it received Miss S's application at 4.08pm that afternoon. It had no record of any earlier attempts at an application, and it has no evidence or record of any wider problem with its website that day.

I've taken that into account, and I've also taken into account that, despite what Nationwide says, Miss S's testimony is that she did in fact experience problems making an application and that several attempts failed before she succeeded at 4.08pm.

There are many reasons why an online application might fail. These include a system error or outage at Nationwide, user error by Miss S, problems with her internet connection, and so on. I don't know why Miss S was unable to submit an application before 4.08pm. But there's no evidence that it was caused by an error or failing in Nationwide's systems or website. And so I can't hold Nationwide responsible for that.

In all the circumstances, I'm not persuaded that Nationwide was the cause of Miss S being unable to submit an application before the deadline, or the cause of her not knowing she had to.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 25 March 2024.

Simon Pugh
Ombudsman