

The complaint

Mr H complains a representative of Nationwide Building Society incorrectly advised him he would be eligible for a government bonus of £3,000 through his Help to Buy Individual Savings Account (HTB ISA).

What happened

I sent the parties a provisional decision in March 2024, in which I set out the following background information to the complaint and my provisional findings, as follows:

Mr H took out a HTB ISA with Nationwide in 2018. He paid in regularly over four years until he reached the limit of £12,000 for the Scheme.

In early 2022 he contacted Nationwide by telephone to discuss his HTB ISA. He explained he was unsure whether he qualified for the bonus as he considered the letters he had received about eligibility 'ambiguous' and needed to check whether the rules of the Scheme had changed.

Mr H said he asked several times during the call if he would be eligible for the £3,000 bonus if he did not take out a mortgage. He explained Nationwide told him he did not have to take out a mortgage to qualify.

Mr H said he purchased a property without a mortgage based on this advice. It was only towards the end of the conveyancing process he discovered he was not entitled to the £3,000 bonus payment as he had not used a mortgage for his property purchase.

Mr H explained he could not afford to purchase the property without the £3,000 and had to borrow this shortfall from family. He said this caused him a lot of unnecessary worry and stress. Mr H would like Nationwide to pay the £3,000 due to its mistake. He would also like compensation for the stress he has suffered.

Nationwide, in its response to Mr H's complaint, confirmed it did incorrectly advise him he was still eligible for the payment of £3,000, but said he was ineligible in any event and had received annual letters confirming the terms of the Scheme. Nationwide apologised and paid £50 compensation to Mr H for advising him incorrectly when he telephoned.

Our Investigator recommended Mr H's complaint should not be upheld, highlighting the agreement Mr H signed and the government's criteria to qualify for the Scheme not being met. They also explained they did not find Nationwide's error in communication should mean Nationwide should pay the £3,000.

Mr H disagreed and said the annual letters were ambiguous and did not specifically say he had to purchase a property with a mortgage to qualify. Mr H said he believes Nationwide should have printed all the rules on these letters.

Mr H also stated in his response 'When I came to put an offer for my property, I read my initial HTB ISA documentation which did state a property should be purchased with a

mortgage. However, Nationwide's ambiguous rules in their yearly letters led me to think otherwise...'

Mr H also explained how he had relied on the advice he received during the telephone call in early 2022. He described this conversation as a 'pivotal important point' which determined how he decided to fund the purchase of his property.

My provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr H confirmed that his original agreement documentation said he would need to take out a mortgage to qualify for the bonus, and the annual letters regularly provided details of how to find the rules for his HTB ISA.

Despite having access to the required information and having read he would need a mortgage to qualify, Mr H contacted Nationwide to confirm the rules. He explained he wasn't sure whether the rules of the Scheme had changed. I think this was a sensible approach as he had had the HTB ISA for several years, but this needed to be combined with checking the rules online, particularly as the mortgage rule wasn't set out within Nationwide's letters.

Nationwide confirmed it provided the wrong information to Mr H during this call stating he was eligible for the £3,000 even if he purchased the property without a mortgage.

Mr H said in his last response 'If I had been given the correct advice in my phone call to Nationwide in February 2022, I would have applied for a mortgage before putting in my offer and then claimed the bonus...'

I think it's possible that had Mr H been given the correct advice, he could have made different arrangement to fund the purchase of his property to ensure he was eligible for the £3,000 bonus. However, I can't be certain that he would have obtained a mortgage or that costs involved in this would not have reduced the value of the Scheme bonus.

As I think the erroneous advice Nationwide provided Mr H influenced his actions, I will now consider the significance and impact of this error.

Although Nationwide's letters to Mr H each year make no mention of his needing to take out a mortgage to qualify for the Scheme bonus, it did make it clear Mr H would need to comply with all of the rules of the Scheme and provided a link to access them. This clearly shows there were more rules than highlighted in the letters and, had he followed the links, would have shown Mr H that he needed a mortgage to benefit from the £3,000 bonus.

The Scheme's full rules published in 2015 are 68 pages long, I therefore consider it reasonable only links are provided in Nationwide's communications, so customers can check the details of the rules for themselves. The rules didn't change in respect of the mortgage requirement at the time of Mr H's property purchase and were available to Mr H.

I think Nationwide provided all the information to Mr H for him to establish for himself he was not eligible for the Scheme if he paid for his property outright, however, Mr H decided to telephone Nationwide to check – rather than use the links.

Mr H's telephone call was an opportunity for Nationwide to clarify and advise him correctly regarding his HTB ISA. He could then have considered his options with more confidence and decided on how best to fund the purchase of his property.

Whilst I currently intend to uphold the complaint against Nationwide for providing Mr H with incorrect information when he spoke with them, I consider the overall impact claimed (the loss of £3,000) is mitigated by the other steps Nationwide took to provide correct information.

In summary, Nationwide provided annual letters about the Scheme and the agreement for the ISA. I can see that both of these highlighted where the correct information about the Scheme could be found. As a consequence, I think Mr H ought reasonably have been able to resolve any uncertainty he may have felt about his approach to purchasing a property, without complete dependence on his call with Nationwide. This means that it would not be fair to award him the bonus that he was not, in any event, entitled to.

Taking everything into consideration, I think the offer of £50 compensation is too low considering the impact this has had on Mr H, the borrowing he had to arrange and his disappointment about the bonus. This was poor service from Nationwide and could have led to the failure of Mr H's purchase to complete. I'm pleased this was not the case, but I can well understand the distress and inconvenience he was put to.

I am currently minded to find that Nationwide should pay Mr H a total of £200 compensation for this error (£150 extra as he has already received £50).

My provisional decision and the parties' responses

I provisionally decided to partially uphold this complaint. I thought Nationwide should pay Mr H a total of £200 compensation due to the distress its poor service has caused him.

I didn't think Nationwide should pay Mr H the £3,000 he had claimed for the reasons I outlined above.

Nationwide responded saying it had nothing further to add regarding my provisional decision.

Mr H responded and provided documents and made several points for me to consider before making my final decision. To summarise, Mr H provided a screen-shot showing the link to helptobuy.gov.uk/isa does not work. He also provide a HM Treasury document 'Help to Buy : ISA scheme'. Mr H explained this document didn't mention about needing a mortgage to qualify for the bonus. Mr H also provided a further one-page Help to Buy 'fact sheet' government document, and a link to the HTB section on gov.uk, he asserts neither of these documents nor the link, mentioned the requirement for a mortgage with this scheme.

My findings

I appreciate the weblink to helptobuy.gov.uk/isa is not currently active. However, having checked, I can see many other banks and building societies have historically signposted to this website for information about the scheme. I am satisfied this was a valid website with details of the scheme. Furthermore, in June 2023 Nationwide provided evidence from this website's FAQ section to our service, which stated any property purchased need to 'be purchased with a mortgage'.

I am conscious the scheme has been closed to new applicants for some time, this website was a government website, and not one Nationwide administered. I therefore cannot hold Nationwide accountable for it, or when it ceased being active. Based on the evidence I have seen, I am satisfied on balance the website was active at the time Mr H needed to refer to it and would have contained the information about eligibility.

I also note the availability of the government website or failure of this link to this website has not previously been raised by Mr H, either in his initial complaint or in response to our investigators view in October 2023. Indeed, Mr H confirmed in his response in October: *'Furthermore this text link [on the annual letters received] directs to a government website so I thought Nationwide's rules might be slightly different.'* Which suggests he has had access to this website in the past.

I have considered the documents Mr H has supplied about the scheme. Again, both documents are government documents, so Nationwide are not accountable for the wording, clarity or contents. However, I appreciate the point Mr H has made regarding it not mentioning, specifically, about needing a mortgage to qualify. Whilst I can see Mr H's point here, I would draw his attention to the first two paragraphs of the scheme document. In these opening paragraphs it discusses help to save for a *'deposit'*, thus asserting the scheme was for saving a deposit and therefore purchase through a mortgage.

Without going into unnecessary detail, the document discusses the need for changes so first-time buyers can save for a *'deposit'* throughout, I therefore think it is reasonable to infer the scheme was very much intended to help first time buyers get on the housing ladder by helping save a deposit for a mortgage.

Again, I point out these are government documents. We cannot make a finding regarding these documents themselves as this is not within our jurisdiction. The Parliamentary and Health Service Ombudsman (PHSO) can consider complaints regarding government administration and may be able to consider this.

Fundamentally, the rules have not changed from when Mr H took out the HTB ISA. Indeed, as I said in my provisional decision, he has agreed he knew the rules when he took out the HTB ISA.

I appreciate the points made by Mr H regarding ease of access to this material through government channels, but when signing up for any financial product it is important to understand what the rules and terms and conditions are of that scheme, and maintain a position within them.

I have considered carefully all the points Mr H has made, but I remain of the view Mr H is requesting Nationwide pay him £3,000 even though he did not comply with the terms and conditions of the scheme. For the reasons I have given above, do not think this is fair and reasonable on Nationwide.

I also maintain this scheme was very much intended to assist those to get a mortgage by topping up their deposit. I don't think the scheme was intended for those in the fortunate position of being able to purchase their first home outright. I think this was a very unusual situation and not one regularly encountered. The need for a mortgage would be a *'given'* for the overwhelming majority of first-time buyers, and as such I think it reasonable it would not need to be as prominent as other, more general, aspects of the scheme's rules.

I appreciate Mr H may not be satisfied with my final decision. It may be that he wishes to raise a complaint about the administration of the scheme itself, as he has referenced government information throughout his response. This was a government scheme so he can complain directly to the Treasury, with the option to appeal to the PHSO, via his MP, if he is dissatisfied with its response.

Finally, the Financial Ombudsman Service is alternative dispute resolution service. It is an alternative to Court and doesn't replicate its role. If Mr H rejects this final decision, he can still pursue legal action.

My final decision

For the reasons I have given, my final decision is I partially uphold Mr H's complaint about Nationwide Building Society and require it to pay Mr H a total of £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 6 June 2024.

Gareth Jones
Ombudsman