

complaint

Miss C complains about the administration of her mortgage by Nationwide Building Society. She says that when her direct debit failed, Nationwide didn't contact her to request a replacement. Instead it used overpayments she had previously made to cover the missing monthly payments to stop her account going into arrears. This means that the overpayment she had made isn't enough to reduce her mortgage term as she'd wanted.

our initial conclusions

Our adjudicator didn't recommend upholding the complaint. She didn't think that Nationwide had done anything wrong.

my final decision

To decide what is fair and reasonable in this complaint, I have considered everything that Miss C and Nationwide have provided. I've set out the history of what happened overleaf. Taking that into account, I don't think that Nationwide has done anything wrong. When the direct debit failed, it wrote to Miss C asking her to reinstate it but she didn't do anything. So Nationwide used the overpayment reserve to stop the account going into arrears. While it could have written to her again, it sent her statements showing no payments going into the mortgage. Miss C would – or should – have noticed that mortgage payments weren't going out of her bank account for 18 months.

Nationwide says it doesn't contact customers who aren't making their payments because underpayments are allowed if there have been previous overpayments. It would only contact a customer who went into arrears. I understand why Miss C feels that Nationwide could have done more in this case – as indeed it could have done. But as the mortgage was operating as it was designed to do, while it *could* have written to her again to confirm her plans, I can't say it *should* have done. If Miss C still has the money that she didn't use for mortgage payments, she could use it now to overpay, which would put her back in much the same position as she would have been if the direct debit hadn't failed. But I don't think Nationwide is required to do anything more. **For the reasons I have given, my final decision is that I don't uphold this complaint.**

Under the rules of the Financial Ombudsman Service, I am required to ask Miss C either to accept or reject my decision before 10 July 2015.

Simon Pugh

ombudsman at the Financial Ombudsman Service

The ombudsman may complete this section where appropriate – adding comments or further explanations of particular relevance to the case.

ombudsman notes

I can see that Miss C took a 20 year mortgage in 2002. In 2007, she took a two year fixed rate and reduced her mortgage term to 8 years. At around the same time, she made an overpayment of about £20,000. Nationwide didn't reduce the term of the mortgage further; instead it reduced the monthly payments to reflect the lower balance and left the overpayment as a reserve facility for Miss C to borrow back if she wanted – she never did.

In 2012, due she says to an error with her current account at another bank, Miss C's direct debit stopped. She made no monthly payments for about 18 months. Instead of contacting her, Nationwide used the overpayment reserve to stop the account going into arrears. The reserve therefore halved in value, meaning Miss C now has to make higher payments to finish her mortgage by the term end.

what is a final decision?

- A final decision by an ombudsman is our last word on a complaint. We send the final decision at the same time to both sides – the consumer and the financial business.
- Our complaints process involves various stages. It gives both parties to the complaint the opportunity to tell us their side of the story, provide further information, and disagree with our earlier findings – before the ombudsman reviews the case and makes a final decision.
- A final decision is the end of our complaints process. This means the ombudsman will not be able to deal with any further correspondence about the merits of the complaint.

what happens next?

- A final decision only becomes legally binding on the financial business if the consumer accepts it. To do this, the consumer should sign and date the acceptance card we send with the final decision – and return it to us before the date set out in the decision.
- If the consumer accepts a final decision before the date set out in the decision we will tell the financial business – it will then have to comply promptly with any instructions set out by the ombudsman in the decision.
- If the consumer does not accept a final decision before the date set out in the decision, neither side will be legally bound by it.