

The complaint

Mr H and Mrs H complain that Nationwide Building Society should have allowed them the opportunity of a six-week period to accept a new mortgage product until the amount they had to pay on the early repayment charge ("ERC") dropped after 1 August 2022.

What happened

Mr H and Mrs H have a mortgage with Nationwide and a fixed rate mortgage product. On 24 June 2022, they had an appointment with a Nationwide mortgage adviser about switching their mortgage product. The adviser told them that they would have to accept the mortgage offer and pay the ERC on that date to take advantage of the interest rate of 2.99% available on that date. The ERC on Mr H and Mrs H's mortgage product dropped from 1.5% of the mortgage balance to 0.75% after 1 August and so Mr H and Mrs H preferred to wait until that happened. On 2 August they had a meeting with the same adviser and agreed the rate then available of 3.69%. Mr H and Mrs H got a mortgage offer at that meeting which said that the offer remained valid for acceptance until 16 September. Mr H and Mrs H say that this contradicts what they were told which is that the offer had to be accepted on the 2 August. Further if they had this period to accept the offer, they should have been told this on 24 June and they could have delayed accepting the offer until after 1 August and had the benefit of the lower interest rate available on 24 June and lower ERC available after 1 August.

Nationwide said that it's a regulatory requirement that the offer expiry date is included in the letter but didn't consider it had done anything wrong other than the difficulties Mr H and Mrs H had trying to log their complaint for which it offered compensation of £25. Our investigator didn't recommend that this complaint should be upheld. Although she agreed that the documentation was confusing, as Nationwide had made it clear that the offer was only valid for the 2 August and Mr H and Mrs H accepted that offer, she didn't require Nationwide to do anything further. Mr H and Mrs H disagree and are concerned at the contradiction between what they were told about the time allowed for acceptance of the offer in their conversation and what appears in the written mortgage offer.

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.

Mr H and Mrs H were looking at what Nationwide terms an "*in deal*" switch. That's a switch between mortgage products whilst the existing deal is still current. According to Nationwide's policy with an in-deal switch, any ERC payable, the application, offer and acceptance are all made on the same day as part of the application. It says there is no option to wait and accept the offer at a later date.

It's not disputed that the mortgage adviser tells Mr H and Mrs H what Nationwide's policy is which is that to get the interest rate on offer on a particular day, the offer will have to be verbally accepted on that day and if an ERC is payable it will be the ERC that applies on that day. It seems in June Mr H and Mrs H didn't want to go ahead with accepting these terms - because of the higher ERC - but in August they were content to do. The confusion is caused

by the reference to a six-week (or thereabouts) acceptance period referred to in the mortgage offer that goes out in August. It seems to me that the written mortgage offer is in fact a summary of what has verbally been agreed put in written form rather than an offer going out awaiting acceptance in the future. Although a six-week acceptance period appears in the mortgage offer, that is really redundant in this transaction. The terms of the offer have already been accepted by Mr H and Mrs H, so the six-week acceptance period is irrelevant to them. If Mr H and Mrs H hadn't accepted the mortgage offer as was the case in June, no mortgage offer would have issued as it had to be accepted on the same day and no extended acceptance period would be available.

I have to consider the fairness of all this. Mr H and Mrs H had a mortgage product with Nationwide and if they wished to change it, Nationwide said it would agree the change if Mr H and Mrs H accepted certain conditions. These were made clear to Mr H and Mrs H and meant that they could have the interest rate that applied on that day if they paid the ERC that applied on that day. I believe that Mr H and Mrs H knew and those conditions and did not want to accept them in June but were happy to do so in August.

Mr H and Mrs H would have liked a mortgage offer in June with a six-week acceptance period, but Nationwide would never have issued a written mortgage offer in June without the offer already being accepted. Nationwide's policy with these in-deal switches appears to be that to get the deal with the low interest rate the customer has to agree it on the day. I assume that's a consequence of the volatility in interest rates. I see nothing wrong with that as long as the customer is aware of it and Mr H and Mrs H clearly were. Although an extended acceptance period is referred to in the mortgage offer, as the written offer only goes out if the offer has already been accepted - in fact it is more a record of what has been agreed - it does not impact Mr H and Mrs H as they had already accepted the offer. So, I don't consider that Mr H and Mrs H have been treated unfairly and I don't uphold his complaint.

My final decision

My decision is that I do not uphold his 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 18 September 2023.

Gerard McManus
Ombudsman