

## **The complaint**

Mr S complains that Nationwide Building Society's system didn't allow him to change his mortgage product in time. This has cost him about £1,265.00 and he would like this refunded.

## **What happened**

Mr S has a mortgage with Nationwide. He has renewed it every two years by the online portal and assumed he could do that again in 2022. In 2020 along with the change in mortgage product he reduced the mortgage term of the mortgage to 17 years to pay more off the capital balance monthly. This change was done online. Late last year with interest rates going up, he wanted to increase the term to keep his contractual monthly payments ("CMP") at about the same level. Mr S tried to change the term online in October but couldn't and assumed it was a software issue with Nationwide's system. Mr S contacted a Nationwide adviser directly on 24 October but not until after the deadline for a switch that would benefit him in November had passed. During that phone call, Nationwide told him that there was another way to reduce the CMP with a valuation of his property. Mr S agreed to that and also requested a term extension. Nationwide said that as the term extension Mr S wanted stretched into his retirement, he would have to take advice from a mortgage adviser before deciding on the term extension.

In October 2022, the CMP was £1,876.42. In November without the mortgage product switch being arranged, Mr S paid a CMP of £2,691.94 based on Nationwide's Standard Mortgage Rate ("SMR"). In December, after Nationwide revalued the property the CMP reduced to £2,006.31. But the full term extension wasn't changed until later and didn't have an effect on the CMP until February 2023. Mr S says that if Nationwide's system worked as it had done in 2020, when it reduced the term, that he wouldn't have had to pay this extra money.

Nationwide says that there was no software issue that prevented Mr S extending the term of his mortgage online but as the extension went into Mr S's retirement it required advice to be given and so simply couldn't be done online. Mr S then didn't contact Nationwide until after the deadline to change the mortgage product in October 2022 had passed, But the mortgage product was put in place for December 2022 and, following a delay, the term extension was implemented in February 2023. Nationwide agreed that there was a delay in the mortgage extension being processed and said that it would backdate the term extension to 1 December 2022 and pay compensation of £75 but otherwise it felt it did nothing wrong.

Our investigator didn't recommend that this complaint should be upheld as he didn't believe that Nationwide had done anything wrong as Mr S contacted it about a mortgage switch after the time to do so had expired. Mr S disagreed saying in summary that Nationwide should have told him about any changes regarding the term change and whether it could be done online and didn't.

## **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 S in 2020 changed the term of his mortgage online and thought that he would be able to do the same again. But in 2020 he reduced the term. This time he wanted to extend the term and to extend it into retirement. That meant that for Nationwide some assessment had to be done about the affordability of the mortgage in retirement and, so, couldn't be done online. Mr S thought that he was experiencing a software issue and continued to try to do it online until he eventually contacted a mortgage adviser by phone. But by the time he did so, the time for implementing a mortgage switch in time to be effective for November 2022 had just passed which meant he missed out on that switch for November 2022. He then had to have a meeting with a mortgage adviser which was quickly arranged but with interest rates increasing in the meantime.

Nationwide says that Mr S would have been told during the online application process that the application couldn't be done online and that he had to contact Nationwide. The problem then is that Mr S contacted Nationwide too late and after the deadline for changing the mortgage product had passed. Mr S was aware of that deadline from Nationwide's letter of 5 October 2022. My role is to decide whether Nationwide did anything wrong.

My view is that in general Nationwide has done nothing wrong. Mr S was aware that in order to benefit from a new mortgage product he had to get the switch organised before a certain date and time but didn't. The reason for his late direct contact with Nationwide is that he made assumptions based on previous dealings with Nationwide that he could amend the term online. But because this term change meant an extension of the term into his retirement, Nationwide required an assessment of the affordability of the mortgage into retirement and an advised interview with Mr S.

So, Nationwide didn't allow an online application but told Mr S to contact the company directly. In any case as Mr S was aware of when the deadline for processing the application, I would have thought it reasonable and prudent for him to contact Nationwide directly before the deadline had passed to ensure that he was able to achieve all he wanted to achieve in time for a switch in November 2022. The fact that he didn't do that, I don't consider to be the fault of Nationwide. I do see that there was an issue of delay in the valuation appeal and implementing the term extension. Nationwide has offered to recompense Mr S for the effect of that by backdating the term extension to the 1 December 2022 and paying £75 for his distress arising out of that delay. I consider that a fair outcome to this complaint.

## **My final decision**

Nationwide Building Society has already made an offer to settle this complaint by offering £75 compensation and backdating the term extension to 1 December 2022 which I consider fair.

So, I require Nationwide Building Society to pay Mr S £75 and, if he still wants the start of the term backdated, to backdate the extension to his mortgage term to 1 December 2022.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 November 2023.

Gerard McManus  
**Ombudsman**