

## **The complaint**

Mrs G complains that she understood Nationwide Building Society would switch her mortgage to her chosen fixed interest rate, as soon as another change had been made to move the mortgage into her sole name. But that wasn't done, and she'd overpaid as a result.

## **What happened**

Mrs G said she spoke to Nationwide in July 2021 when her existing mortgage deal was coming to an end. The mortgage was then in joint names, but Mrs G had divorced the other person named on the mortgage, and she wanted it to be transferred into her sole name. Mrs G told us she'd talked to Nationwide about this, and needed to go through a legal process to remove the other party. This took some time, as he was slow in responding to requests.

Mrs G said that at the same time, she discussed and agreed a fixed rate to be applied to the mortgage, fixing her interest for five years. But she said that she'd recently checked to see why her payments were increasing, and discovered she was still on a variable rate.

Mrs G said Nationwide had told her she never switched the mortgage to a fixed rate, but she said she'd understood this was a completely new mortgage, so she didn't know why she would have to switch.

Mrs G wanted Nationwide to acknowledge that her mortgage wasn't a transfer of an existing one but a completely new one. She wanted Nationwide to apply the interest rate at the time of the agreement, and refund everything she'd paid over that rate. She also wanted Nationwide to say sorry.

Nationwide wrote to respond to Mrs G's complaint in August 2023. It didn't think it had done anything wrong.

Nationwide said Mrs G had a discussion with a mortgage advisor in October 2021. She wanted to do what Nationwide calls a "Change of Borrower" request, changing the mortgage to her sole name, she also wanted to change the repayment method, and to extend the term. A fixed interest rate product was also discussed. Mrs G chose a five year fixed rate then.

Nationwide said it could see that Mrs G had received some mortgage documents, and on 20 October 2021, she'd asked why this was on a variable rather than a fixed rate. The advisor explained she couldn't do the rate switch until the joint party had been removed, unless he agreed to the change, or Mrs G could do this herself online.

The advisor then contacted Mrs G repeatedly after this, to see if the transfer to her sole name had been completed. But Mrs G said the other party was delaying things. Nationwide said the last email it had from Mrs G was on 31 March 2022, to say that Mrs G expected the paperwork soon. But Nationwide said it didn't hear from her again after that. So Nationwide said the rate switch wasn't done.

Nationwide said it wrote to Mrs G on 12 April 2022 to confirm that it had changed the names on her mortgage, changed it to a repayment mortgage, and increased the term as she'd

asked. Nationwide said the letter told her what her rate was then, but didn't say it was fixed.

Nationwide said it then sent several more letters during 2022 to tell Mrs G about changes to her interest rate, whenever there was a change to the Bank of England base rate. Those letters all told her she was on the Base Mortgage Rate ("BMR") which is a variable rate. Nationwide understood that Mrs G had thought those were just generic letters, but it said each one had Mrs G's mortgage number on it, and told her that her interest rate was going up. The annual statement Nationwide sent in January 2023 also said she was on the BMR.

Nationwide said its members do have a responsibility to ensure that their mortgage details are correct, therefore so it would have expected Mrs G to get in touch if something was wrong. But she didn't get in touch until July 2023.

Nationwide wouldn't backdate a fixed rate onto Mrs G's mortgage now. It said she could apply for a new fixed rate from any of those currently available.

Our investigator didn't think this complaint should be upheld. She said Mrs G first contacted Nationwide about changes to her mortgage in July 2021, but was still in contact with Nationwide in March 2022 about these changes. During this time, Nationwide made Mrs G aware that her mortgage remained on a variable rate, as Nationwide couldn't make the changes Mrs G had discussed with its advisor in October 2021 while the mortgage was still jointly held with someone else.

Our investigator said she appreciated that Mrs G thought the fixed rate would be applied to her mortgage automatically, but a product can't be applied to a mortgage until it is accepted by the customer. And rates change in line with the wider market, so given the length of time that had passed, Mrs G would have needed to talk to Nationwide again before her mortgage could be fixed.

Our investigator said the letter Mrs G received about changes to her mortgage in April 2022 didn't confirm she was on a fixed rate. Nationwide then sent Mrs G rate change letters during 2022 and 2023, and a statement at the start of 2023, which should also have made her aware she wasn't on a fixed rate product.

Our investigator said she didn't think that what had gone wrong here was a mistake by Nationwide, and she didn't think Nationwide had mis sold this mortgage. She thought Nationwide had been clear that it couldn't switch Mrs G over to a fixed rate until the mortgage was in her sole name. She thought the onus was on Mrs G to contact Nationwide to resolve any issues with the mortgage. She wouldn't ask Nationwide to do any more.

Mrs G replied to disagree. She said that she'd understood the old mortgage was ending, and she was taking out a whole new mortgage. That's what she'd asked for. And she said the advisor even discussed an affordable monthly amount for her payments. She's now paying very much more than that, and it's not affordable for her.

Mrs G said she was told that as soon as the name change was completed, the switch would automatically happen. She said she hadn't expected to have to take any steps to achieve that. Mrs G said if she did need to do something to change her rate, then that should have been made clearer to her.

Mrs G didn't think any mortgage advisor would have suggested a variable rate, at the time when she had her discussion with Nationwide's advisor, because rates then were at an all-time low.

Mrs G wanted to know when she was told she wouldn't get the product she'd discussed with

the advisor. She said she hadn't registered the letters about a rate change, because she said she was certain of the mortgage type she had, so didn't think they would apply to her.

Mrs G sent us a considerable number of emails between her and the mortgage advisor. She said all that correspondence clearly stated the rate switch would go ahead on completion of the transfer changing the names on the mortgage, and she had nothing telling her that wouldn't happen.

Because no agreement was reached, this case was passed to me for a final decision. And I then reached my provisional decision on this case.

### **My provisional decision**

I issued a provisional decision on this complaint and explained why I only proposed to uphold it in part. This is what I said then:

I do think there has been a lapse in service here, and I will ask Nationwide to pay £200 in compensation because of that. But I don't think that lapse in service is the sole or even the main reason why Mrs G isn't on a fixed rate now. So I don't think Nationwide has to do more than this. I'll explain why I've reached that view.

Mrs G wanted to change her previous joint mortgage into her sole name, and make a considerable number of other changes too, changing the mortgage type, extending the term, and applying a new fixed rate.

Mrs G said she thought this was a completely new mortgage. I don't think it was, I think Mrs G was just making a considerable number of changes to a pre-existing mortgage. And I don't think it's likely that Nationwide had indicated otherwise.

Mrs G discussed all the changes she wanted to make with an advisor in October 2021. These changes were all planned for once the mortgage was in Mrs G's sole name.

There was then a considerable delay in achieving that. I don't think, from the evidence I've seen to date, that this was either Nationwide or Mrs G's fault. But it does appear that this took much longer than either party had envisaged when the discussions about Mrs G's mortgage were held.

Mrs G said that she had a series of emails which clearly stated that the rate switch would go ahead on completion of the transfer changing the names on the mortgage, and she had nothing telling her that wouldn't happen.

I don't think Mrs G did have a series of emails which clearly stated the rate switch would go ahead on completion of the transfer changing names on the mortgage. What she got was a series of emails where Nationwide's advisor was chasing to see if she was able to apply the new rate yet. She then got an email warning her that Nationwide's rates were changing.

On 5 January 2022, the mortgage advisor emailed Mrs G to see if the mortgage had been changed to her sole name. She said then that *"Our rates will go up tomorrow and I wanted to make sure you don't miss out of the current low rates."* I don't think Mrs G could reasonably have expected, after this, that the rate she had discussed with Nationwide in October 2021 was going to be applied to her account.

But I do think there's some force in Mrs G's argument that she was never told the rate switch wouldn't just happen as part of the future changes. I do think the email

Nationwide sent on 5 February 2022 ought to have alerted Mrs G to the fact that the rate that she'd discussed in October was no longer available. But after this, I cannot see that Nationwide stated clearly to Mrs G, that any change to a fixed rate would now require her either to have another discussion with an advisor, or to take steps to switch the rate herself. I think Mrs G should have been told this, and not doing so, is a lapse in service for which I will ask Nationwide to pay Mrs G £200.

I'm mindful, in making this award, that Nationwide's letter confirming the other changes to her mortgage that she'd requested, didn't tell Mrs G that her rate was fixed. But it also didn't tell Mrs G that the rate quoted on that letter was variable.

So Nationwide does carry some responsibility for Mrs G not having been prompted to make the final change she wanted – the change to a fixed rate – on her mortgage, once the rest of the changes were done. But I don't think Nationwide is responsible for Mrs G not realising that her mortgage remained on a variable rate after this.

Nationwide has pointed to numerous letters it sent to Mrs G after the mortgage had been changed to her sole name, saying her interest rate would increase. Mrs G said she didn't think these applied to her, because she had understood her rate was fixed. In response, Nationwide said that it does expect its customers to keep an eye on their accounts.

I think that is a reasonable point for Nationwide to make, in this case. I note that Mrs G was told her mortgage was in her sole name on 12 April 2022. She had been clearly told that her mortgage would remain on a variable rate until this change had been made. And she told us she'd discussed with the advisor what an affordable monthly amount might be. But the payment Nationwide requested from Mrs G's account on 3 May, just after the other changes to her mortgage had been made, was more than three times what she'd paid the month before.

I think Mrs G ought to have realised then that her mortgage hadn't been moved to a fixed rate, and she ought to have contacted Nationwide then. And unfortunately, I think it's because Mrs G didn't realise this, that she remained on a variable rate with further increases in her payments, between May 2022 and July 2023. I don't think that's Nationwide's fault, and I don't think it would be fair and reasonable to ask Nationwide to apply a retrospective change to Mrs G's mortgage now.

I know that Mrs G will be very disappointed by my decision, but I don't think Nationwide has to do more than pay the amount of £200 which I've provisionally awarded above.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

### **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 wished to accept the provisional decision. Mrs G replied to object.

Mrs G told us about some family circumstances which happened around the time that she got these communications. She said it was an extremely difficult time, and she had put her faith in what she thought was a fair process. She said she didn't think now that she had been best advised or fully informed at the time. She said she genuinely believed then that she was taking out a completely new mortgage, as the term of the old one had come to an end.

Mrs G said processes weren't made clear, and she didn't think Nationwide had acted in her best interests. And she sent us two emails, one where the advisor was chasing for progress on the transfer of this mortgage into Mrs G's sole name, and one where the advisor explained she was unable to change the rate until that had been completed.

Mrs G said she also felt she was being penalised for the delays in her ex-husband responding to requests to change the mortgage. She had no control over that.

I have been sorry to hear about Mrs G's family circumstances at this time, I understand that this must have been a very difficult time indeed for her. And I appreciate that Mrs G may feel some sense of injustice, because, as she has quite correctly pointed out, the delays in putting this mortgage into her name, which have been central to this case, were something she had no control over. But unfortunately, I don't think Nationwide was in a position to help Mrs G avoid those delays either. And I don't think it would be fair and reasonable for me to tell Nationwide to compensate Mrs G for problems that these delays caused, when the delays here were also not its fault, and also out of its control.

I also think the emails that Mrs G has sent us, are consistent with my provisional decision above. I don't think that they show that Mrs G was poorly advised or that Nationwide wasn't acting in her best interests. I know that Mrs G will be disappointed, but I haven't changed my mind. I'll now make the decision I originally proposed.

### **My final decision**

My final decision is that Nationwide Building Society must pay Mrs G £200 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 5 June 2024.

Esther Absalom-Gough

**Ombudsman**