

The complaint

Mr and Mrs H say that, because they were given incorrect information about the window within which they could select a new interest rate products for their mortgages with Nationwide Building Society, they missed out on lower interest rates. By the time they applied, interest rates had risen.

To settle the complaint Mr and Mrs H want Nationwide to switch their mortgages onto the lowest five-year fixed rate that was available on 1 September 2022, and to improve its customer service and feedback.

What happened

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr and Mrs H being identified. So for these reasons, I will instead concentrate on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

Mr and Mrs H have two mortgage accounts with Nationwide taken out in March 2013. Both mortgages were on a 1.99% fixed rate which were due to expire on 31 January 2023. At that point, the primary mortgage would have had about four years remaining on its term, and the secondary just over five years remaining.

Mr and Mrs H say that on 25 June 2022 they were told – incorrectly – that they could apply for a new rate three months before expiry of the existing rates, so from October 2022. However, when they spoke to Nationwide in October 2022 they learned that the switching window was six months, that it has just changed, and before that it had been five months, with the earliest start date for the new rate up to three months before the end of the existing rate.

Mr and Mrs H complained. They said that if they'd known in June 2022 that they could have reserved a rate at that point, they would have done so. By the time they came to apply, interest rates had increased.

Mr and Mrs H paid off the balance on the primary account and in October 2022 switched the other part of the mortgage onto a new five-year fixed rate.

Nationwide didn't uphold the complaint, saying that it hadn't been able to trace a call recording on 25 June 2022. Its records showed that this call had been diverted to a branch, and so it wouldn't have been recorded. Nationwide said that in June 2022 the switching window was five months, so Mr and Mrs H could only have begun a new application from September 2022.

Nationwide noted that Mr and Mrs H had, in fact, tried to switch their mortgage accounts online in September 2022, and also tried several times in October 2022 before speaking to Nationwide on 10 October 2022.

Mr and Mrs H brought their complaint to our service. An investigator looked at what had happened. In relation to the September 2022 application, Mrs H said that she had just gone online to check what rates were available following the turmoil in the financial markets following the mini-budget on 23 September 2022, but didn't go through with an application because she believed she could only apply for a new rate within three months of the end of the previous rate.

The investigator was satisfied that Nationwide's switching policy was clear from its website, and in the absence of a call recording to confirm that Mr and Mrs H had been told that the switching window was only three months, the investigator wasn't persuaded that the complaint should be upheld.

Mr and Mrs H didn't accept the investigator's findings, and asked for an ombudsman to review the complaint. They've made some further points, which I summarise below.

Mrs H said she'd only logged onto Nationwide's portal in September 2022 to track interest rates, not to apply for a rate swap. There was no reason for them to have applied for a swap at that time because they'd been told they couldn't do so. Mr and Mrs H were also unhappy that the call on 25 June 2022 hadn't been recorded.

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.

Where the evidence in a case is incomplete or inconclusive, I have to reach my decision based on the available evidence. In this case, the missing evidence is an eight-minute call made by Mrs H to a Nationwide branch on 25 June 2022. Mrs H says that it was during this call she was told that she could only apply for a new rate three months before the end of the current mortgage product.

Whilst I can understand Mr and Mrs H's frustration that there is no recording of this call, there is no requirement for all calls to be recorded. Generally service centres will record calls, but in a branch with a less sophisticated phone system, it's not unusual for calls not to be recorded. I'm unable to tell Nationwide how to run its business, and so this isn't something I can tell Nationwide to change.

In June 2022 Nationwide allowed a rate to be reserved up to five months before the existing product ended, with the earliest start date up to three months before the end date. Without the call recording, I can't say definitely what Mrs H was told, but it's possible she was told about the three-month start date and mistakenly thought this was the date when a new rate could first be applied for.

But in any event, Mr and Mrs H couldn't have applied for a new rate in June 2022, as they still had more than six months before the expiry of their existing products and so would have been subject to an early repayment charge if they'd tried to switch then. At this point I will note that Nationwide's website has comprehensive information about switching mortgage products, with information and guides to help customers. By logging into their 'Mortgage Manager', Mr and Mrs H would have been able to see when they could have switched and what rates would have been available.

I've noted what Mrs H has said about the reason why she logged onto Nationwide's system in September 2022 – that it was only to check interest rates. Mrs H said there was no point applying for a product switch, as she didn't think she could have one at that point.

However, Nationwide's records show something different; Mr and Mrs H logged onto the switcher system on 26 September 2022 and tried to switch both mortgage accounts onto a new rate, but weren't able to do so because the remaining length of the term of the main mortgage was too short. The system also recorded two further attempts to do this on 4 October 2022 and 9 October 2022. It was only on 10 October 2022 after speaking to Nationwide that the product switch went through for one account only. Mr and Mrs H subsequently paid off the relatively small balance on the main part of the mortgage.

In the circumstances, I'm not persuaded that Mr and Mrs H were only checking interest rates when they logged onto Nationwide's switcher system on 26 September 2022, given the activity recorded by Nationwide for this date and for the two further switching attempts on 4 October 2022 and 9 October 2022.

It's unfortunate that Mr and Mrs H missed the opportunity to switch their mortgage onto a lower rate before the mini-budget. I can understand how frustrating this must have been for them. But weighing up the evidence provided by both parties, I'm unable to conclude that Nationwide provided Mrs H with incorrect or misleading information during the call on 25 June 2022. Given this, it would not be fair or reasonable for me to order Nationwide to switch the mortgage onto a lower rate of interest that might have been available had an earlier application been made.

My final decision

My final decision is that I don't uphold this complaint.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 3 January 2024.

Jan O'Leary
Ombudsman