

The complaint

Mr and Mrs M complain that Nationwide Building Society wouldn't allow them to take a new interest rate on their mortgage online. And they complain that delays in making an appointment to speak to a mortgage adviser led them to miss out on taking a more favourable interest rate.

What happened

Mr and Mrs M had a mortgage with Nationwide. Their mortgage was in two parts. The interest rate on part one ended in November 2022, and the interest rate on part two ended in July 2023. In September 2022, Mr and Mrs M decided that, as they were concerned about the possibility of rising interest rates, they would take a new rate straightaway on both parts of the mortgage – knowing that would involve paying an early repayment charge (ERC) on part two. The ERC would be around £1,000.

Mr and Mrs M logged on to Nationwide's website to make the change – but it wouldn't let them. Nationwide says that it's only possible to book a rate online where a customer is not already tied into an existing rate, or where they are coming to the end of a rate and are looking for a new one to follow on. It doesn't allow customers to break an existing rate and incur an ERC online. Instead, customers like Mr and Mrs M need to speak to a mortgage adviser, so that Nationwide can be sure they understand the implications of what they're doing and that it's appropriate for them.

Mr and Mrs M therefore called Nationwide to make the change. But they say they had problems getting through. After trying for around ten days, and spending long periods on hold, they finally managed to speak to someone. But the person they spoke to couldn't process their application – they could only make an appointment for Mr and Mrs M to speak to an adviser at a later date. On 28 September, Mr and Mrs M made an appointment for 10 October.

Mr and Mrs M complained. They said they knew what they wanted to do and didn't see why they needed to speak to an adviser. They said that it was very difficult to get through, and even when they did manage to speak to someone they had to make an appointment rather than have their rate switch dealt with there and then. They said that this had caused them financial loss – interest rates were below 3% when they started trying to switch but over 5% by the time of the appointment.

Mr and Mrs M decided not to stay with Nationwide and paid off their mortgage at the end of November. They said they'd missed out on moving to another lender sooner because they didn't know it would take so long to get things processed with Nationwide, so Nationwide had caused them to pay more than they needed to. If it didn't have enough advisers available to deal with customers, it shouldn't penalise customers by making them wait and pay more – it should have offered Mr and Mrs M a rate from those available when they started the process, rather than one of the rates available at the time of the appointment. It had applied its policy rigidly without thinking of the impact on customers like Mr and Mrs M. They said Nationwide hadn't made clear when they booked the appointment that it would only make available rates on the day of the appointment – they'd assumed it would be more flexible.

Nationwide said it was its policy to require customers to speak to a mortgage adviser before taking a rate switch that involved an ERC. It said it was unfortunate that this meant rates rose before Mr and Mrs M could switch, but its policy was in place for good reasons, and it didn't think it had done anything wrong.

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.

Having done so I don't think I can fairly uphold this complaint. I appreciate Mr and Mrs M feel strongly that Nationwide put them in a position which caused them financial loss – but I'm not persuaded that it did anything wrong. I think it was simply unfortunate timing and Mr and Mrs M were unlucky, but Nationwide has acted fairly in all the circumstances.

Mr and Mrs M had two parts to their mortgage, with fixed rates ending at different times. Concerned about rising interest rates, they decided to take a new rate on both parts of their mortgage – aware that in doing so they would have to break one of their fixed rates early and pay an ERC.

Nationwide doesn't allow customers to do this online. It requires them to speak to a mortgage adviser and take advice. That's because it wants to make sure that, before they commit to paying what can be a substantial ERC, customers understand what they are deciding to do and that it's really the right thing for them to do.

I don't think this is an unreasonable position to take. It protects customers by making sure they can make a properly informed choice with full understanding of their options and the consequences.

I understand Mr and Mrs M didn't feel this was necessary for them. They had already weighed up the options and made a decision, and didn't feel that they needed advice from Nationwide; they just wanted to go ahead. But the difficulty is that not all customers would have done the same, and Nationwide couldn't have known – without them speaking to a mortgage adviser – that Mr and Mrs M had done so.

Sometimes a process that is designed to protect the interests of customers generally can work well overall but still cause problems for an individual customer; I think that was the case here. But Mr and Mrs M were in the same position as all other Nationwide customers – any customer who wanted to switch interest rate during a fixed rate term, incurring an ERC, would be required to speak to an adviser first.

Ultimately I don't think it was unfair that Nationwide wouldn't let Mr and Mrs M switch their rate online and required them to speak to a mortgage adviser first. Even if that wasn't something that was necessary for them as individuals, there were good reasons why Nationwide required it generally.

Mr and Mrs M also complain that it took them some time to get through – and even when they did they couldn't speak to an adviser there and then, but had to make an appointment for two weeks later.

Again, I understand this was frustrating for Mr and Mrs M. Just as they had decided to take a new fixed rate because of concerns about rising interest rates, many other people had decided the same thing. Many lenders, including Nationwide, found that they were faced with much higher than expected call volumes, and demand for appointments, in late September and early October 2022. This was at a time when interest rates suddenly increased by more

than expected and the resulting unpredicted demand led to long waits. It was very unfortunate that Mr and Mrs M were caught up in this, but I don't think Nationwide acted unfairly.

Finally, Mr and Mrs M say that Nationwide ought to have shown some flexibility – as they understand other lenders do – and allowed them to take one of the rates available on the day they booked the appointment, rather than the higher rates available on the day of the appointment itself. In my experience, though, this isn't something any lender does. It wasn't until they had spoken to an adviser and confirmed that they wanted to go ahead that they would be able to select a rate. And that selection would be from the rates available on that day.

I've listened to the call Mrs M had with Nationwide on 28 September. She didn't say that there was any urgency in making an appointment. And Nationwide didn't lead her to believe that it would make rates available other than on the day of the appointment. It didn't mislead Mr and Mrs M about its position.

Overall, as I say, it's clear to me that Mr and Mrs M were unfortunate. They could see that rates were rising and decided to take a new rate sooner rather than later to protect themselves against that. For reasons outside their control, it took a couple of weeks before they could do that with Nationwide, and rates had risen further in the meantime. But Nationwide didn't do anything wrong, and acted fairly and reasonably in all the circumstances. Ultimately it was the wider economic situation which led to rates rising so fast. I don't think it would be reasonable to expect Nationwide to set aside its usual procedures, including those designed to protect customers' interests, because of that.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 18 December 2023.

Simon Pugh
Ombudsman