

The complaint

Mrs T complained that National Westminster Bank Plc declined her application to port her mortgage she held jointly with her ex-husband to a new property. She said she had to get a new mortgage with a different lender and incurred an early repayment charge (ERC) with NatWest.

What happened

The background to this complaint is well known to both parties, so I won't repeat it here. Instead I'll focus on giving the reasons for my decision.

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 agree with the conclusions reached by the investigator for the following reasons:

- In moving house, a borrower pays off their old mortgage with the proceeds of the sale. They also, and separately, apply for a new mortgage to fund buying the new property. A lender will consider the new application on its own merits. If it's prepared to grant a new mortgage, it will then consider whether to port across the old product – if the terms of the old product allow it. These are two separate decisions. If a lender isn't prepared to grant a new loan, then porting can't happen, and so the mortgage product ends with the old loan; depending on the product terms, an ERC may be payable. Looking at the 2018 mortgage offer I think it was made sufficiently clear that while porting was a feature of the mortgage product there were conditions attached
- I appreciate Mrs T feels NatWest was being unfair. But it isn't my role to tell lenders whether to lend – or how much to lend - to particular consumers. Lenders are able to use their commercial judgement to decide how much, if anything, to lend to consumers. My role is to ensure such judgement is applied fairly and reasonably; it isn't to substitute my judgement for the bank's. In this case, NatWest correctly and fairly applied its lending criteria to Mrs T's application and she didn't pass its internal credit scoring system. It follows that I'm satisfied NatWest didn't act unreasonably in being unwilling to take Mrs T's application forward.
- It's not in dispute that the ERC was set out in the mortgage offer that Mrs T accepted when she took out the mortgage product in 2018. For the avoidance of any doubt, I'm satisfied that the ERC was set out clearly and prominently in the mortgage offer. And the ERC was applied in line with the terms that Mrs T agreed to. As the mortgage was repaid before 31 March 2021, NatWest was entitled to apply an ERC.

For these reasons, although I understand Mrs T's frustration, I don't uphold this complaint.

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 Mrs T to accept or reject my decision before 27 January 2022.

Julia Meadows

Ombudsman