

The complaint

Mr and Mrs K complain about several issues they have had with their National Westminster Bank Plc ("NatWest") mortgage in regard to a term extension. They say:

- NatWest took an unreasonably long period of time to respond to their initial request to extend the repayment of their mortgage during exceptional times in relation to the Covid-19 pandemic
- NatWest didn't follow the procedures they said they would over the telephone and confirmed in an email, that a term extension period would commence from when an application had completed
- They contacted NatWest numerous times to complete an application, no appointment had been made for them, so no formal application was completed
- They didn't have the opportunity to discuss all repayment options as to how they may be able to extend the term under unprecedented circumstances they were experiencing
- Their requests for a callback or email was ignored by one of NatWest's advisers and NatWest were unable to explain their failures

Mr and Mrs K would like a 12-month mortgage extension, but NatWest are only allowing them six. They are unhappy about this.

What happened

Mr and Mrs K took out a NatWest One account in 2002. A One account is normally a current account which is linked to the mortgage. The original term of this mortgage ended in 2014. NatWest have extended the mortgage term on numerous occasions to allow Mr and Mrs K time to review their options and plans for the repayment of the mortgage.

During the pandemic, Mr K's business had closed, and he said that both he and Mrs K were experiencing financial difficulties. They said they contacted NatWest on 1 April 2020 to discuss extending the term of their mortgage by 12 months, but they didn't ask for a payment holiday.

Mr and Mrs K spoke to an adviser on 8 April 2020 who assured them they would be very understanding of the situation and Mr K said they exchanged emails over the next few months. NatWest sent an email dated 19 June 2020 where they told Mr and Mrs K that someone would be in touch in July 2020 to arrange an appointment and discuss their situation.

Mr and Mrs K said that NatWest didn't contact them until the middle of August 2020, but Mr K was at work and unable to speak to them. Mr K said he then sent an email to NatWest apologising that he was unable to speak to them and explained he would call back – which he did on 26 August 2020. But the adviser wasn't able to access Mr and Mrs K's details and so couldn't arrange an appointment.

Mr K said he called NatWest again on 7 September 2020 to discuss arranging an appointment and he was told that a term extension wouldn't commence until after an application was made. Mr K said that they received an email on 15 September 2020

confirming that there had been a response from NatWest's lending team about the 12-month term extension, but the team said the extension would be six months from the application.

Mr K said the adviser who sent the email said he could arrange an appointment for them to complete the application. Mr and Mrs K didn't hear anything. Mr K said they complained to the adviser about how things were being handled and asked the adviser to speak to the lending team about how they could extend the term of the mortgage – but again they didn't hear anything from NatWest. They said NatWest told them in writing that an extension of six months would be considered from when an application was completed. But Mr and Mrs K said that NatWest didn't give them the opportunity to complete the application.

Mr and Mrs K said they didn't have the opportunity to discuss other alternatives available to them, so they made a complaint and received NatWest's final response on 20 October 2020.

NatWest explained that the term of Mr and Mrs K's mortgage expired in August 2020. They confirmed they would only allow a further six-month extension due to the circumstances surrounding the pandemic.

NatWest agreed that they could have dealt with things better in how they communicated with Mr and Mrs K, and offered £300 as an apology which they paid into Mr and Mrs K's NatWest One account.

Mr K said he tried to call the adviser between October and December 2020 to explain that no application had yet been made and that they still didn't have the opportunity to discuss their options with NatWest. Mr and Mrs K said they were still having a challenging time and did not accept the compensation that NatWest offered. They said they received a letter from NatWest on 12 November 2020 which explained they tried to contact Mr and Mrs K, but they were not able to. Mr and Mrs K do not understand how they were not able to make contact.

Mr K said that due to the work that he does, it wasn't possible for him to focus on cashing in on his investments or sell assets or explore equity release – due to the restrictions with surveyors being allowed to visit properties.

Mr and Mrs K would like NatWest to discuss options available to repay the mortgage and would like to submit a formal application to extend the term of their mortgage for 12 months.

Mr and Mrs K have said that since bringing their complaint to our service, they received a letter from NatWest dated 31 March 2021 demanding immediate payment of the outstanding balance on the mortgage. They felt that the threat of action being taken against them and the fact that credit reference agencies would be informed, both unacceptable and threatening. They don't understand why it's been sent when all they have been trying to do is communicate with NatWest about options for their mortgage.

Mr and Mrs K said they have continued to attempt to speak to someone at NatWest, but nothing has transpired. So, they wrote another letter of complaint to NatWest who offered Mr and Mrs K £100 for the poor service. Mr and Mrs K have said they do not accept this.

As they were unhappy, they brought the complaint to our service where it was looked at by one of our investigators. Our investigator didn't uphold the complaint about the term extension as she felt that NatWest had done enough. But she thought that NatWest should pay a further £200 for the trouble and upset caused to Mr and Mrs K. So she thought the total amount to be paid to Mr and Mrs K should be £600.

NatWest agreed with what our investigator said but Mr and Mrs K disagreed. They said they are exploring different repayment options which include equity release. But their property is unique and very valuable so it's taking some time to organise. Mr and Mrs K said considering all the issues they have had, they consider financial compensation to be an insult and will not accept such money being offered. They are not looking for compensation and all they are after is to be treated fairly and with courtesy. They said that NatWest have failed to do this. They will not accept any financial compensation as they consider

themselves to be above this. Mr and Mrs K said they have asked NatWest for three simple things:

- NatWest to apologise for the threatening letter they sent
- assurance that the credit reference agencies are not involved in the matter
- the opportunity to discuss the term extension with a senior person in authority at NatWest

As Mr and Mrs K disagreed with our investigator, the case has been passed to me to decide.

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 and Mrs K have provided very detailed information regarding their complaint and I understand they feel very strongly about it. I want to assure Mr and Mrs K that I have taken into account everything they have said, but if there is something that I haven't mentioned, it's not because it hasn't been considered – it has, and I have thought very carefully about the arguments they have made.

Term extension

The crux of the matter here is that Mr and Mrs K wanted to arrange a further 12-month extension on their mortgage before it expired in August 2020. They contacted NatWest in April 2020 to try and arrange this with enough time before the term ended. There have been a number of issues regarding the service that NatWest provided which I will touch on later in the decision.

Mr and Mrs K were experiencing some financial difficulties as a result of Covid-19, so they wanted to give themselves more time in order to sort out their finances and pay off the mortgage.

Having looked at the information and emails that have been provided by NatWest, it seems that the information provided to Mr and Mrs K via email suggested it *may* have been possible for NatWest to offer Mr and Mrs K a 12-month term extension – which is what Mr and Mrs K wanted.

However, I have seen an email from NatWest dated 21 July 2020 explaining to Mr and Mrs K that NatWest had given them a final term extension in 2019 to allow Mr and Mrs K time to seek independent financial advice on alternative methods of repaying the mortgage. NatWest acknowledge that due to the uncertain times surrounding the pandemic, they were prepared to offer Mr and Mrs K a further six-month term extension. And that if Mr and Mrs K wanted to do this, they could speak to an adviser to complete an application.

There is a further email dated 15 September 2020 to Mr K to explain that NatWest would only be able to extend the term by six months. The email then tells Mr K to let NatWest know when it may be a convenient time to complete the application.

I understand that there were issues in getting this application completed, but NatWest did make it clear that they were only able to provide a six-month term extension, so even though Mr and Mrs K wanted one for 12 months, this wasn't possible. NatWest had informed Mr and Mrs K that they were not able to offer an extension for 12-months so based on what I've seen, I'm satisfied that NatWest were clear they could only offer one for six months.

I appreciate that Covid-19 had an impact on Mr and Mrs K and this especially affected Mr K's business. But Mr and Mrs K had already had a term extension in August 2019, so they had up until August 2020 to think about ways of repaying their mortgage. I know the pandemic made things difficult for them, but NatWest would have agreed a further six-month

term extension taking the term to February 2021. I think this was fair and reasonable for NatWest to do given the situation that the country was in at the time, and this is what we would have expected them to do.

I understand there were issues in getting the application done and Mr and Mrs K feel that they were not given the opportunity to do so, but those six months have now passed, and the situation still remains the same. And even if the 12-month extension had been agreed by NatWest, that term would have ended in August 2021. Mr and Mrs K have had this extension informally while our service has been investigating their complaint. I do completely understand that things were very difficult during the pandemic, but things have started to ease so I do believe that Mr and Mrs K would have been able to look at other viable options.

I think what's more important to point out is that Mr and Mrs K's original mortgage term ended in February 2014 and NatWest extended the term by a further three years to allow investments to mature. NatWest said they were aware that the repayment of the mortgage was going to be made from the sale of Mr K's business and paintings. The term was due to end in March 2017 and then the term was extended again until March 2018. NatWest said that Mr and Mrs K asked for a further term extension for two years but only a further 12 months was agreed – taking it to August 2019. The term was then extended further taking it to August 2020. So taking this all into account, Mr and Mrs K's mortgage term has been extended a number of times, giving them the opportunity to try and repay it. NatWest have every right to ask for the mortgage to be repaid. The original mortgage offer set out the terms of the mortgage and I'm satisfied NatWest have given Mr and Mrs K enough time to try and think about this and put things into action.

I understand that Mr and Mrs K feel very strongly about their complaint, but I won't be asking NatWest to provide a further term extension. I think that Mr and Mrs K have had ample time to try and get things sorted out and I fear agreeing to any further term extensions is just delaying the situation. Mr and Mrs K may want to seek independent financial advice to discuss options that may be available to them.

Customer service

I think there isn't any doubt here that NatWest have fallen short in their communication with Mr and Mrs K so I am not intending on going into detail here about what has happened as both parties agree that things could have gone much better.

Mr and Mrs K have tried very hard to try and get a term extension on their mortgage and they made numerous attempts to speak to NatWest in order to get this arranged. An application was never made, and I do understand that Mr and Mrs K are very unhappy about this – because they were told that they could get a six-month term extension if they applied for one. And I do agree that they haven't been given the opportunity to discuss various options with NatWest, but NatWest did make it clear that they would only offer six months.

NatWest should have informed Mr and Mrs K sooner than they did what they needed to do in order to apply for a term extension and they didn't give Mr and Mrs K the chance to speak to someone which is what they wanted to do at the time.

NatWest did offer Mr and Mrs K £400 overall for the trouble and upset they caused, and our investigator told NatWest to increase this by a further £200 – making it £600 in total. I do think under the circumstances, this is fair and reasonable as the actions of NatWest did impact Mr and Mrs K. NatWest have acknowledged that their communication could have been better, and I think this amount reflects that.

I appreciate that Mr and Mrs K have made it very clear that they do not want any compensation and that they will not accept it. It will be entirely up to them to decide if they accept or reject this decision.

Mr and Mrs K have explained to us what they would like NatWest to do, and they explained this in the three points as detailed above in the decision.

I am not able to ask NatWest to apologise for the letter that was sent regarding the balance that needed to be paid or ask NatWest to contact the credit reference agencies to withdraw any information they provided to them. This is because the term of the mortgage had expired and like I already mentioned, NatWest had every right to ask for the mortgage to be repaid as per the terms and conditions of the mortgage contract. The mortgage term had ended in August 2020, so I think it was reasonable for NatWest to send this letter out. I understand Mr and Mrs K found the actions that NatWest wanted to take threatening, but I think that NatWest were explaining next steps and what they intended to do – as the mortgage hadn't been repaid. Had an extension been granted for six months, this would have taken the term to February 2021, so I think it's reasonable that NatWest waited until after that period to send the letter.

I understand why Mr and Mrs K don't want NatWest to contact the credit reference agencies, but their mortgage term has now ended so NatWest are not unreasonable in informing them of this.

Mr and Mrs K already have their answer from NatWest so it's not for me to ask a senior member of NatWest to discuss this matter with Mr and Mrs K. NatWest has issued their final answer on the matter and we wouldn't reasonably expect further discussions to take place about a complaint that has been referred to our service while we're in the process of making a decision. This case has been passed to me to make a final decision and it's been left with me to decide the outcome of this complaint. I am satisfied that NatWest have given Mr and Mrs K enough time to put plans in motion to repay the outstanding balance.

Mr and Mrs K and NatWest should liaise with each other to agree how this mortgage will now be repaid. NatWest may be entitled to take recovery action if no agreement is made or the mortgage is not repaid.

I understand that Mr and Mrs K will be disappointed with my decision, but I won't be asking NatWest to do anything further than what I have already stipulated in this decision.

My final decision

For the reasons given above, I uphold this complaint and require National Westminster Bank Plc to pay Mr and Mrs K a further £200 for the trouble and upset they have caused taking the total compensation to £600.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K and Mr K to accept or reject my decision before 29 March 2022.

Maria Drury
Ombudsman