

The complaint

Mr T complains that, though his mortgage offer from National Westminster Bank Plc agreed to cover his legal fees and “*all standard disbursements*” he was still charged a CHAPS fee. Although the fee was refunded, Mr T wanted NatWest to admit it was wrong.

What happened

Mr T told us he’d accepted a remortgage offer with NatWest, which included only two fees – a product fee of £995 and a CHAPS fee of £30. But he said the legal team working for NatWest then added a CHAPS fee of £36, and he had to pay that so that his mortgage completed.

NatWest said this wasn’t a legal fee, so it wasn’t covered by the “*no legal fees*” agreement it had made. But it refunded this money anyway, as a gesture of goodwill.

Mr T told us he thought that this payment was covered by NatWest’s agreement to pay not just the legal fees, but also “*all standard disbursements*” in connection with the work done by its legal advisors.

Mr T said that it was ethically wrong, and probably legally incorrect, for NatWest to force its customers to pay this cost. So he said he wanted a formal apology, and compensation to reimburse him for the time he’d spent pursuing this. He wanted that compensation payment to take account of the wider impact of this point on NatWest’s reputation.

Our investigator didn’t think this complaint should be upheld. He said that NatWest had sent Mr T documentation which did say it would cover all the legal fees for a standard remortgage. But our investigator said this wasn’t a legal fee, and NatWest had never said there would be no fees of any sort.

Mr T repeated that he thought the CHAPS fee was a standard disbursement. He said he’d checked with the legal firm involved, and there was no way any remortgage could be completed without this transfer being made. This fee was always going to be incurred. Mr T referred again to the wording of the offer, and said he still thought this was covered.

Because no agreement was reached, this case was passed to me for a final decision.

My provisional decision

I issued a provisional decision on this complaint and explained why I did propose to uphold it. This is what I said then:

The offer Mr T received said this –

We will pay the conveyancer's fee, including VAT, for all standard remortgage work and all standard disbursements in connection with this work, but the Customer will be required to pay for any unusual work or disbursements including, but not limited to, registration of unregistered title, transfer of title, additional charges secured on the Property and additional work required in connection with leasehold properties.

All the internal notes I've seen suggest that NatWest has understood it had only ever promised to pay the legal fees. But that isn't what its offer says. NatWest has also agreed to cover standard disbursements.

Mr T says he's checked with the legal firm who did this work, and a CHAPS fee is always payable for any remortgage. The old mortgage can't be redeemed without this payment, and a transfer fee is always incurred for that.

So that's why Mr T expected this fee to be covered. He hasn't argued that the CHAPS fee charged is a legal fee. But he does think that this charge should fall within "*standard disbursements*". And if that's right, then it should have been covered by NatWest.

Subject to further evidence from NatWest, my current view is that this payment does fit into the category of standard disbursements. So I think NatWest should have covered this cost.

Mr T isn't out of pocket, because NatWest has repaid the fee, as a gesture of goodwill. But it's never accepted that it made any mistake. Mr T wants it to do that. And he has pursued this complaint because he wanted NatWest to accept it had done something wrong in applying this charge.

My current view is that Mr T is right. But it may help for me to set out what our service is able to do about that. We aren't a regulator, and I can't require NatWest to change this wording, going forward. Nor can I look at the wider impact of this wording, outside of Mr T's circumstances.

I can only look at what has happened in this case. And in this case, I take account of the fact that this was always a relatively modest fee, and NatWest then refunded the challenged fee promptly. But I also take into account that this caused a last minute hiccup in Mr T's mortgage- resulting in a delay while he investigated a fee he'd understood he shouldn't be charged, and adding further stress at what is already a very stressful time. So I think a payment of £100 in compensation would provide a fair and reasonable outcome to this complaint.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both parties replied, to say that they agreed with my provisional 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.

Neither side has offered further evidence in the case, and I haven't changed my mind. So I'll now make the decision I originally proposed.

My final decision

My final decision is that National Westminster Bank Plc must pay Mr T £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 10 August 2022.

Esther Absalom-Gough
Ombudsman