

The complaint

Mr B complains that National Westminster Bank Plc didn't support him in claiming Government support for his mortgage during the Covid-19 pandemic.

What happened

Mr M applied for universal credit as his income was affected by the Covid-19 pandemic. He asked NatWest to complete and return a form to the Department of Work and Pensions (DWP) in relation to his claim for support with mortgage interest (SMI) loan.

NatWest says it has an arrangement with the DWP to return a blank form with a template letter setting out the relevant information. It says it couldn't stamp or sign forms while staff were working from home during the Covid-19 pandemic. It followed this process with Mr B's forms.

Mr B told NatWest the DWP had rejected its letters, and needed the form to be completed and either stamped or signed. NatWest said it was unable to do this. Mr B brought the complaint to us in February 2022.

Our investigator said while NatWest had made an error which caused a short delay, the £100 it paid was fair and reasonable. Mr B didn't agree. He said the real issue hadn't been dealt with – that NatWest hadn't provided the completed form to the DWP. As a result, his mortgage is in arrears and his credit file ruined.

Mr B said as of July 2022 the DWP still didn't have the form and NatWest had re-started recovery action. He said this was causing him anxiety and affecting his health. He asked that NatWest send the stamped and signed forms to him so that he could deliver them to the DWP himself. Mr B provided letters from the DWP supporting what he said.

NatWest says it's followed the same process for hundreds of customers without issues. It says it no longer has a team that can stamp, date and post forms. After reviewing the letters provided by Mr B and speaking to a DWP representative, it arranged for an accredited staff member to go into the office to stamp and sign the form for Mr B. This was posted to the DWP in late July 2022.

I sent a provisional decision to the parties in August 2022. In summary, I said NatWest ought to have realised sooner that there was a problem with the way it provided information to the DWP in relation to Mr B's claim. I didn't think this had caused Mr B financial loss, but had caused him worry and upset. I said NatWest should pay £300 compensation for this, which it agreed to do. Mr B didn't comment on 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.

Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the

balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Mr B needed help with his mortgage payments. He applied to the DWP for an SMI loan. He needed NatWest to provide information to the DWP to support his application. Before the Covid-19 pandemic this information was provided by lenders in a form – the UCMI12 form – which the lender would complete, stamp and post to the DWP.

NatWest says it has an arrangement in place with the DWP to provide the information it needs in a different way, by attaching a letter to the form. This is because of staff working at home during the Covid-19 pandemic. It says it followed this process for hundreds of customers without a problem. It followed this process in September 2021 when asked to return the form for Mr B's claim.

Unfortunately, the DWP didn't accept the letter provided by NatWest. Mr B provided letters from the DWP sent in February and March 2022. These confirm that letters provided by NatWest in October 2021, January 2022 and February 2022 were received by the DWP. However, the DWP said these letters weren't sufficient and it needed NatWest to complete a UCMI12 form and either stamp it or sign and date it.

The DWP told Mr B it couldn't process his claim until it received the UCMI12 form from NatWest, completed and either stamped or signed. NatWest told Mr B it couldn't do this as this wasn't part of its process. When Mr B asked NatWest to complete and return the form, NatWest repeated the same process, providing a letter that the DWP rejected.

I must be fair to both parties here. It wasn't wrong for NatWest initially to provide the information in the way it did, which it says was generally accepted by the DWP. NatWest returned UCMI12 forms for Mr B a number of times between September 2021 and March 2022.

I think NatWest wanted to help with Mr B's claim, and thought it was returning the information in an acceptable form. What I need to consider is at what point should NatWest reasonably have known this wasn't the case, and it needed to do something different.

Mr B emailed NatWest in December 2021 saying that the DWP required the UCMI12 form to be signed and stamped by NatWest before it would process his claim. His email said *"NatWest failed to send the form which I clearly asked to be filled in and sent back to me. Instead I received a letter which was refused by DWP."* NatWest's notes show that Mr B told it in mid-March 2022 that the letter it was returning to the DWP was the incorrect form. NatWest sent a further response to Mr B's complaint in mid-February 2022, suggesting there had been further discussion at that time about the format of the information.

A complaint was also raised with the DWP on Mr B's behalf. The DWP's response (dated 9 February 2022) is clear about needing the UCMI12 forms to be completed and either stamped or signed. I think matters might have been sorted out sooner if Mr B had sent copies of the DWP's letters to NatWest. Since receiving copies (via this service) NatWest has arranged for a member of staff to visit an office to complete, sign and date the UCMI12 form. Hopefully, this will be satisfactory to the DWP.

I think the evidence NatWest had – the repeated requests for UCMI12 forms to be completed and Mr B saying that its letters were refused by the DWP – should have alerted it to a possible problem. I think it should have asked Mr B for more information about this, and his discussions with DWP. Had it done so, I think it's likely Mr B would have been able to send evidence of his correspondence with the DWP. If NatWest's complaints team had explored this more with Mr B when he raised his concerns again in mid-February 2022, he

might have sent it the DWP letter dated 9 February 2022. As I said, the DWP was clear that it needed the UCMI12 form, stamped or signed and dated.

I don't know if the DWP will offer Mr B an SMI loan, or if this can be put in place without the consent of the joint account holder (which, from what Mr B says, is unlikely). If the DWP offers Mr B an SMI loan, payments to NatWest can be backdated to the date he was entitled to the loan. This would put Mr B in substantially the same position as regards his mortgage and SMI loan as if there hadn't been any delay. If the DWP declines Mr B's request for an SMI loan, then he'll be in no different position financially due to the delay. I don't think the delay to Mr B's claim being processed is likely to cause Mr B financial loss such that it would be fair and reasonable to require NatWest to pay compensation.

From what Mr B says the mortgage arrears have affected his credit file. I think this would have been the case even if an SMI loan was in place. The SMI loan would only cover the interest. The capital part of Mr B's contractual monthly payment would be unpaid, creating arrears. I don't think it's fair to require NatWest to amend Mr B's credit file.

I think though that this matter caused Mr B worry and inconvenience, some of which could have been avoided if NatWest had asked him more about why the DWP didn't accept the information it had previously sent. I think NatWest should pay compensation for this.

NatWest told Mr B it had sent forms to the wrong address in September 2021. It repeated this in its final response letter. This was incorrect. The documents were sent to the correct address. But this error (saying the forms had been sent to the wrong place) itself caused upset.

Mr B has told us about his health problems. His income was badly affected by the Covid-19 pandemic, he can't meet his monthly mortgage payments and he's worried about losing his home. NatWest's errors added to Mr B's stress and worry. He still doesn't know if his application for an SMI loan will be agreed. I need to take into account that NatWest isn't responsible for Mr B's difficult circumstances, only for some of the delays with his application for SMI. I think for the additional worry and inconvenience caused by NatWest's errors, it should pay compensation of £300.

My final decision

My decision is that I uphold this complaint. I order National Westminster Bank plc to pay £300 to Mr B.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 October 2022.

Ruth Stevenson
Ombudsman