

## **The complaint**

Mr and Mrs L are unhappy with how they've been treated by National Westminster Bank Plc (NatWest) after they applied for a re-mortgage.

## **What happened**

Mr and Mrs L applied for a re-mortgage with NatWest in November 2021. The rate on their existing mortgage (with a different lender) was due to expire at the end of April 2022.

Mr and Mrs L applied for the mortgage on-line. The mortgage was agreed in principle subject to them providing certain information. After registering for the online portal, Mr L submitted the information for both himself and Mrs L and after receiving confirmation the information had been received, thought that everything was in hand. Mr L said he was told to look at an on-line mortgage tracker to check the progress of the application and that whenever he did this, the tracker indicated that NatWest wasn't waiting for any further information to be provided.

In March 2022 Mr L contacted NatWest to check that everything was in order but was told that the mortgage application had in fact lapsed and that he and Mrs L would need to re-apply. Mr L complained that this would put him out of pocket because interest rates had gone up. He asked that NatWest honour the rate they had applied for in November 2021 - on the basis they had thought everything was going through as it should and that they hadn't received any notification to the contrary.

NatWest didn't uphold the complaint. In summary, it said that it had contacted Mrs L using the contact details initially provided, to request that she independently submit the documentation requested from her. It said that this was a security measure to ensure that both parties are fully aware of the request.

It said that it wouldn't be able to re-instate the original application and that Mr and Mrs L would need to submit a new application if they wanted to proceed.

Mr L remained unhappy. He said that when both he and Mrs L independently logged in to the system, the tracker showed that no further information was required from either of them and that this was contrary to what NatWest had suggested. NatWest clarified that the tracker becomes active after the information requested has been received from both applicants and the application moves to the next stage of the process, involving underwriter review. It said that the application never got that far, because Mrs L hadn't independently submitted the required information, as had been requested.

NatWest upheld the complaint in part on the basis that it had given Mr and Mrs L conflicting information about the mortgage tracker in the course of looking into their concerns and it said it paid Mr and Mrs L £100 to reflect this. However, NatWest's decision remained unaltered on the substantive/original issue.

With matters still not resolved to their satisfaction, Mr and Mrs L referred their concerns to this Service.

They said that none of the communications at outset involving the tracker explained that it would only apply / be accurate after a certain stage in the process. As such, Mr L (who had taken a lead on doing the application) had been relying on the fact that when it said no further information was required, this meant the application was progressing as it should. They said that when Mr L submitted Mrs L's documents through his log-in, he hadn't received any notification to say this was incorrect.

Mr and Mrs L said that on top of the stress of the situation, they were losing out financially. Because the interest rate they'd ended up with through a different lender, was higher than what they would have been paying had they been able to secure the product they'd applied for in November 2021 – such that they would be around £7,000 worse off.

To put things right, Mr and Mrs L ideally wanted NatWest to honour the rate applied for in November 2021 but if not then to provide compensation for the higher mortgage repayments they were needing to pay.

An investigator here reached a view on the complaint. In summary, she said that she didn't think NatWest was solely to blame for the mortgage lapsing and that she couldn't be sure the mortgage would've been approved if the application had proceeded as intended. Whilst Mr and Mrs L had been told to use the mortgage tracker to track the progress of their application and that this suggested no information was outstanding, it was still the case that Mrs L hadn't provided information in the specific way in which it had been requested.

She also thought that Mr and Mrs L and left it quite a long time before contacting NatWest to find out what was happening and that, if they'd made contact sooner, this may have changed things. She said she thought the offer of £100 was reasonable to reflect the conflicting information Mr and Mrs L had been given by NatWest about the tracker, during the contact in March 2022.

Mr and Mrs L remained unhappy. In summary, they said that the mortgage was applied for and expected to be managed on-line. The only way to track progress was through the tracker. Given this, and that the tracker indicated everything was okay, it's unreasonable to say that Mr L ought to have made telephone contact before he did. Mr and Mrs L also said that they had a long track record of taking out mortgages, had never been denied one and both had high credit ratings. So the application would likely have been successful.

The investigator said that the lack of change in what the mortgage tracker was saying for a long period of time, ought to have prompted Mr and Mrs L to check what was happening before they did. And that it was their responsibility to provide the information requested in the way it was requested. She questioned whether any further communication from NatWest would have changed anything, given that Mrs L didn't respond to the request for information in the first place. But did say she agreed it was likely the application would've gone through if it had proceeded.

Mr L still didn't accept that he ought to have made contact sooner than he did. And pointed to the fact he had secured a mortgage in time with another lender, to show he hadn't left things too late. He said that if NatWest had contacted him (as the lead applicant) to notify him there was something outstanding, he would certainly have made sure the information was provided.

After asking NatWest for some further information to do with the process and Mr and Mrs L's comments, the investigator issued another view. In summary, she said that while she stood by the crux of her earlier findings, she did think that the combination of NatWest not contacting Mr and Mrs L again to say it was still awaiting information and that it could've been clearer at outset about when the tracker would apply, meant that it should pay another

£100 to reflect its part in the distress and inconvenience caused to Mr and Mrs L.

NatWest accepted the investigator's findings. Mr and Mrs L did not. They said that whilst they hadn't expected to receive what they considered to be their loss from the higher mortgage payments, they expected more than the £100 extra being suggested. They said that many questions remained unanswered about what had happened with regard to the application process and that they didn't see how a full and frank review can be said to have been carried out without receiving answers to the questions.

So, 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.

When evidence is incomplete, inconclusive, incongruent or contradictory, I've made my decision on the balance of probabilities – which, in other words, means I've based it on what I think is most likely to have happened given the available evidence and the wider circumstances.

And having done all of that, I think this complaint should be upheld in the same way as that suggested by the investigator, for largely the same reasons. I realise that this will be disappointing for Mr and Mrs L. But I hope they'll understand why I've come to the conclusion that I have.

Before I explain why, I want to set out my role as an ombudsman. It isn't to address every single point that's been made to date. Or to carry out an investigation in the way that either party thinks I should. Instead, it's to decide what's fair and reasonable given the circumstances of this complaint. And for that reason, I'm only going to refer to what I think are the most salient points when I set out my conclusions and my reasons for reaching them. But, having read all of the submissions from both sides in full, I will continue to keep in mind all of the points that have been made, insofar as they relate to this complaint, when doing that.

The key things I need to decide, are:

- To what extent (if at all) is NatWest responsible for the increased mortgage costs Mr and Mrs L say they will end up having to pay?
- What amount of compensation is appropriate to reflect the impact of NatWest's contribution to the situation Mr and Mrs L found themselves in?

### **Is NatWest responsible for Mr and Mrs L paying increased mortgage costs?**

In short, I find that NatWest doesn't have liability for any increased costs arising from the application lapsing. It isn't in dispute that NatWest notified Mrs L that she needed to independently provide the information requested after the application had been made. Ultimately, the reason the application lapsed is that the information requested wasn't provided by Mrs L in the way requested. And this is the key reason why Mr and Mrs L missed out on the particular mortgage they were seeking.

I can understand Mr L's point that he didn't receive any kind of notification (as lead applicant) to say that some of the information requested was outstanding and that, if not provided, the application was going to lapse. And that if he had received such a notification, he would've

made sure the information was provided in time. It strikes me that such a notification would've represented good customer service.

It seems that NatWest accepts that it could have been clearer at outset about when the mortgage tracker would apply. But this doesn't affect liability because, in the end, everything comes back to Mrs L not having provided the information requested in the way it was requested.

#### What level of compensation is appropriate?

Whilst the fact the application didn't proceed was ultimately because Mrs L didn't provide the information requested in the manner requested, I accept that the news the mortgage had lapsed came as a surprise and disappointment to Mr and Mrs L. Although not ultimately responsible for the application lapsing, I do consider that NatWest contributed to the situation through the combination of not being clearer about what the tracker showed and doing nothing to notify Mr and Mrs L that the application was going to lapse.

For balance, I do also have to consider that Mr L didn't contact NatWest until March 2022 – over three months later. I understand Mr L's point that it was meant to be an entirely on-line process and that he still had time to get another mortgage in place after he made contact in March. However even taking account of these things, I do think that Mr L ought reasonably to have considered asking for an update sooner – given that he says he was getting the same message on the tracker about having everything needed, but not hearing or receiving anything further.

Deciding what level of compensation is appropriate is subjective, but taking everything into account, I consider that £200 is reflective of NatWest's contribution to the frustration caused by the situation Mr and Mrs L found themselves in and the conflicting information NatWest gave them about the tracker, in March 2022.

#### **My final decision**

My final decision is that I uphold Mr and Mrs L's complaint and direct National Westminster Bank Plc to pay them a total of £200 to reflect the distress and inconvenience caused.

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

Ben Brewer  
**Ombudsman**