

The complaint

Ms R complains about extensive delays to her application to remortgage a buy to let (“BTL”) property with National Westminster Bank Plc, when she first applied for a BTL mortgage then for a residential mortgage. She wanted NatWest to refund additional interest she’d paid.

What happened

Ms R said she knew the current fixed interest rate was coming to an end, on the mortgage for one of her many BTL properties. So she told us she applied, in good time, for a new BTL mortgage with NatWest. Ms R complains about the extensive delays she experienced when trying to arrange a new mortgage.

Ms R said NatWest had offered her £200, but she wanted it to pay £2,276.10 to cover the full value of all the additional mortgage payments she had to pay because of NatWest’s delays, plus compensation for her wasted time in trying to do what should have been a simple remortgage.

NatWest accepted it had caused some delays in this process, as it had been quite busy during this time. But it said Ms R had changed from a BTL application to a residential mortgage application, which did mean it had to start the process again. NatWest offered to pay Ms R £200 for its part in the delays she’d experienced, and for some poor service.

Our investigator set out her understanding of what had happened. She thought Ms R started her application in May. Some appointments with NatWest’s mortgage advisors couldn’t go ahead because Ms R hadn’t uploaded documents in time. Our investigator understood NatWest was ready to offer Ms R a BTL mortgage in July 2021, subject to a survey which unfortunately couldn’t be done until August. But Ms R then decided she wanted a different sort of mortgage, for residential property instead of rental, which meant NatWest would need different information. This application was later withdrawn.

Our investigator said NatWest had upheld Ms R’s complaint in terms of service, and didn’t dispute that she faced some delays. But our investigator thought the £200 which NatWest had offered was enough to reflect the service which Ms R received, including the delay in arranging mortgage appointments and the change in advisers.

Ms R didn’t agree. She said we hadn’t looked at all of the facts. She wanted us to contact a specific advisor, who she said would tell us what a shambles the whole process was.

Ms R said she’d first contacted NatWest in March to arrange an appointment. Ms R said she’d spoken to numerous mortgage advisors, and did upload her information quickly to NatWest’s online document management system. She said it was later, after she’d been told that a residential application would process faster, that further mistakes were made.

Ms R said NatWest had acknowledged it made a mistake about her income for a residential mortgage. She said the valuation was also done on the wrong basis, and that caused further delays. She said she’d sent a spreadsheet at the start setting out full details of her rental

properties, so that, and her other mortgage applications in previous years, meant NatWest and its underwriters had everything they needed.

Ms R sent us a number of further documents. She said she wanted her complaint to be considered by an ombudsman, so it was passed to me for a final decision. I then reached my provisional decision on this case.

My provisional decision

I issued a provisional decision on this complaint and explained why I only proposed to uphold it in part. This is what I said then:

There remains some dispute in this case about what happened, and when. So I'll set out what I think has happened.

I think Ms R first contacted NatWest to arrange the remortgage of one of her buy to let properties in May 2021. Ms R has told us more recently that she was in touch with NatWest as early as March 2021, but I haven't been able to see any evidence that she'd tried to book a mortgage appointment in March. And in her complaint emails to NatWest, she said she'd been trying to remortgage since May. I think her recollection closer to the time is more likely to be accurate.

Ms R wanted to secure a remortgage to follow closely on from the end of her existing fixed rate deal. That appears to have finished at the end of July. Ms R was given an appointment for 15 June, but this meeting appears to have been arranged at quite short notice, and Ms R hadn't had time to upload the required documents to NatWest's online system. So this meeting didn't go ahead. I don't think that's NatWest's fault, although I accept that given the timescales, it may not have been Ms R's fault either.

Ms R called NatWest on 15 June, as she was trying to complete her remortgage online instead of waiting for another appointment. I understand that Ms R wasn't able to apply for a BTL remortgage online, because of the number of buy to let properties she has. NatWest prefers to speak to customers like Ms R directly. I think that's reasonable, as the issues and risks for NatWest are different when someone has a larger rental property portfolio.

Ms R says NatWest should have been clear with her that she wouldn't be able to do an online application, because of the number of properties she has. I'm aware that Ms R had already told NatWest how many properties she had, at this stage. But I think that on 15 June, Ms R was just having a very general conversation about how to apply online. So I don't think it's reasonable to expect the advisor she spoke to about her online application to have been aware of the number of properties she had, and to have advised her she wouldn't be able to complete an online application.

I think it's clear from this call that Ms R was also very frustrated at having to supply documents to NatWest that she didn't think it really needed, and that she didn't want to have to give NatWest information she thought it already had. Ms R said she'd done a couple of mortgage applications the year before, so she thought NatWest already had almost everything it needed.

I think it's reasonable for NatWest to ask for up to date documentation for Ms R's new mortgage application. And, although Ms R said NatWest didn't need income information because her rental income is paid into its account, NatWest has pointed out that it won't know how much of this is profit for Ms R. So I don't think it would be reasonable to

expect NatWest to rely solely on the information it already had from Ms R's accounts with it.

Ms R also said she had sent a spreadsheet detailing all of her rental properties to NatWest at the start. But, whilst this may well have provided a useful overview for NatWest, I would also not expect it to accept this as the sole evidence of Ms R's income, expenditure and overall profit from each property. So again, I think it was reasonable for NatWest to ask for more, to validate what Ms R had said.

I understand Ms R had another appointment on 18 June, and that this was also cancelled because NatWest didn't feel it had sufficient documentation to go ahead. The advisor who was working with Ms R at this time said Ms R had emailed a considerable number of documents to her, rather than uploading those to NatWest's online document management system. And the advisor said Ms R sent screenshots of her statements, which couldn't be accepted because they didn't include her name and account details. So NatWest couldn't validate these. It couldn't be sure they were Ms R's statements.

I've already said I do think it was reasonable for NatWest to request up to date information from Ms R. I also think it's reasonable for NatWest to request that this information is supplied through its online document management system, and that documents are supplied in advance of a mortgage application meeting. And I think it's reasonable for NatWest to say these documents must show full name and account details, so they can be validated.

I do think there have been considerable delays in getting Ms R through the mortgage application process with NatWest. But I think that a significant amount of these delays have been as a result of difficulties that Ms R has found both in collecting the required information, and in working with NatWest's online document management system. I haven't been able to see that those difficulties are NatWest's fault.

Ms R then booked another appointment for 7 July. This appointment was cancelled. Again, this seems to have been as a result of difficulties Ms R had in uploading documents, and NatWest's advisor says that he spent time on 7 July supporting Ms R to work with the online document management system.

I should note here that we do have evidence from the specific advisor Ms R asked us to contact. He has provided detailed input into NatWest's response to Ms R's complaint.

Ms R booked another appointment for 12 July. This appointment went ahead, and Ms R's BTL mortgage application then appeared to be proceeding. An appointment was booked for a BTL valuation of her property, on 11 August. I know this didn't happen as quickly as Ms R would have liked. NatWest has told us it was very busy with mortgage appointments at this time, so it seems likely that surveyors would also be equally busy. I haven't seen anything to make me think that NatWest had delayed this appointment.

Ms R didn't receive a mortgage offer following this appointment and the survey. I think this is likely to be because she'd already told NatWest that she wanted to change the mortgage type. The advisor who spoke to her on 12 July said Ms R wanted to explore this option.

Ms R told us she had decided she wanted to proceed with a residential mortgage application instead, because NatWest told her that would be quicker. And she told us she had planned to move into the property. But the advisor Ms R spoke to on 12 July said something different.

She said Ms R had been surprised and disappointed at the BTL rates NatWest could offer her, and had referred to seeing better rates online. That advisor said these were residential rates. Ms R said in response to this that it was possible her daughter would move into the property instead, so she might want a residential mortgage instead.

It doesn't appear, from the advisor's evidence, as if Ms R had been clear at the time on how she might want to proceed. So I don't think it was unreasonable for NatWest to go ahead with the BTL mortgage application that Ms R had submitted.

I can see that Ms R emailed NatWest in mid-August to say she'd just found out the survey that had been completed was a BTL survey. Ms R queried why that had gone ahead, when she'd discussed providing tax returns for the purposes of a residential mortgage. I think that was because Ms R's plans weren't clear, at the time of the 12 July appointment. I haven't seen anything to make me think that Ms R's BTL application should have been withdrawn by NatWest at that stage.

Ms R refers in her emails to being asked to do an up to date tax return for a meeting on 24 August, and I can see she had an appointment booked for this time, so it seems likely that this was to discuss a residential mortgage. But this appointment was cancelled. It seems likely that this is because Ms R hadn't uploaded her documents in advance. She emailed NatWest on 24 August to say that she'd only done her tax return the day before, and had supplied some information once that was done, but her tax assessment doesn't appear to have been processed in time for this meeting.

I do think it's most likely Ms R had been made aware by this time that documents needed to be uploaded well in advance of a mortgage application appointment. So I don't think it's NatWest's fault that this meeting didn't go ahead.

By 15 September, Ms R had uploaded further documents. On 16 September, she was trying to complete her application online, but wasn't able to. Ms R said she was advised to try this by NatWest, but it wasn't actually possible. I can see NatWest emailed Ms R on 17 September to say a fresh application would be needed, she couldn't convert an existing application to a different mortgage type. So I think it is likely that Ms R was given incorrect information about whether she could do her application online at this point, and that may have wasted some of her time on 16 September.

NatWest accepts that it did cause a delay with her application at this point, because it processed her residential mortgage application including income from the property that she was planning to stop letting out. There was then some difficulty internally in winding back from this position and reconsidering Ms R's application on the basis of a revised income assessment. I think this caused a delay of around four weeks, which is a little longer than NatWest suggested. I also think NatWest is responsible for that delay. I'll bear that in mind when I think about compensation in this case.

Ms R said she initially offered to show NatWest her full tax return for 20/21, but was told it wasn't needed. But she said when NatWest reconsidered her application, it decided it did want this after all. I have seen an email dated 19 October, where NatWest asks Ms R to resubmit documents she has previously supplied, because the lapse of time meant her payslips would no longer show her most recent payments. It also said that during this lapse of time since her last meeting, its policy had changed, and it now needed to see a full tax return.

I've noted that this lapse of time between Ms R's appointments was NatWest's fault, so I think it's NatWest's fault that Ms R was then asked to resubmit documentation.

I also note that although NatWest has repeatedly requested documents be uploaded to its online document management system 48 hours before any mortgage appointment meeting, it only gave Ms R a day's notice of the new documents it wanted her to upload for the meeting on 20 October. Ms R's email to NatWest suggests that she only found out about the new requirement for full tax returns because she had contacted NatWest, and asked it to check (insisting the advisor speak directly to an underwriter) whether or not this document would be needed. The late timing of this emailed request for extra documents does, in my view, tend to support what Ms R has said about this.

So I think this is poor service by NatWest. I note that it was at this point that Ms R cancelled her application altogether, and submitted a complaint.

I know that NatWest wasn't always able to arrange mortgage appointments at short notice. But I do think that the initial delays in this case were caused mainly by Ms R's difficulties in uploading documents to NatWest's online document management system, and her unhappiness about supplying details which she considered NatWest would already hold. I've said that I don't think either of those things were NatWest's fault.

I also think there was then some confusion about what sort of mortgage Ms R wanted, and initial residential mortgage applications also seem to have been cancelled because the required documentation for a residential mortgage hadn't been supplied by Ms R. But, on or around 16 September, Ms R does appear to have settled on making a residential mortgage application. NatWest has accepted responsibility for a mistake over her income at this point. It's also said it had difficulty getting its underwriters to reconsider, which caused a delay.

I think this delay ran up until Ms R's further appointment on 20 October. I think that the request for up to date documents that Ms R received on 19 October was only necessary because of the delay NatWest had already caused. And I accept that Ms R would not have received this request at all, if she hadn't made further enquiries herself.

So I do think the later stages of Ms R's mortgage application, and particularly her residential mortgage application, did represent poor service to Ms R. NatWest has offered £200 for delays and poor service. But I think it should pay a little more than this. I think NatWest should pay £350 in compensation.

I'm aware that Ms R was paying significantly more for her mortgage during this time, and I know she wanted NatWest to pay that additional amount. But I have to bear in mind that it's not clear, if Ms R's second mortgage application had progressed without delay, that this would have suited Ms R in the medium or longer term. It seems as if Ms R then changed her mind about moving into the property, as the address she gave our service recently also seems to be where she was living when she made these applications to NatWest. So it seems as if the delay to arranging her residential mortgage may also have meant, fortuitously, that Ms R wasn't left with a mortgage which would have prevented her continued letting of this property, once she'd decided not to move in herself.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

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.

NatWest replied to say that it wanted to comment on two specific areas of my decision. The first was when Ms R became aware that she needed to supply tax returns for NatWest.

NatWest said Ms R was aware on 12 July 2021, when she first discussed a residential mortgage instead of a BTL mortgage, that she would need a new tax return, because her previous year's tax return didn't show affordability for a residential mortgage. Her next two appointments, on 21 July and 24 August, were cancelled because she hadn't uploaded those documents. When her residential mortgage appointment was rebooked on 14 October 2021, her SA100 tax return was requested for the appointment. So NatWest said these documents weren't requested at late notice, Ms R should have been aware for some time that these were needed.

NatWest acknowledged that its advisor had told Ms R that this was a change to its procedures, but it said that it has always been a requirement for self-employed mortgage applicants to provide this information.

Ms R's complaint to NatWest refers to having been asked to provide SA302s, not SA100s. But I can see that the advisor's email to Ms R refers specifically to SA100s, and these are the documents that Ms R was asked to upload onto NatWest's online document management system. There are a number of previous requests for "*Tax Calculation*" and "*Tax Overview*". For those reasons, I do now think it is likely Ms R was already aware that NatWest would like to see a tax return document from her, when the advisor emailed to ask for an SA100. However, I note that previous requests don't use the HMRC form number, and Ms R said this made the document requests confusing. I also note that NatWest's advisor specifically told Ms R that its requirements had changed. NatWest itself says it doesn't know why that was done. So I still think this represents poor service from NatWest in the later stages of Ms R's mortgage application, although not in the way I had initially concluded. This doesn't change my overall conclusion on this complaint.

The second finding NatWest wanted to challenge was the length of the delay I thought NatWest was responsible for. NatWest said Ms R requested a change to a residential mortgage on 16 September 2021, and on 17 September the mortgage underwriters confirmed that a new residential application would be needed. NatWest's advisor has told us that getting this exception agreed took around three weeks. NatWest took issue with my suggestion that this caused a delay of four weeks.

I do still think the delay caused here was of four weeks. I have seen an email which said that the exception Ms R needed for her residential mortgage application to proceed was in place by 13 October, but Ms R had then gone on holiday, and an appointment couldn't be booked until the following week. I do think Ms R had started this application in good time before her holiday, and I think NatWest is then responsible for the delay that then ran into her holiday period. So I think it is NatWest, not Ms R, that is responsible for the extra delay caused by the exemption she needed not being resolved until she was on holiday.

NatWest said it thought its previous offer of £200 was appropriate, and pointed to areas where I found it had behaved reasonably. However, I've explained above why I haven't changed my mind in response to NatWest's arguments. I still think NatWest provided Ms R with poor service in the later stages of her mortgage application, and that a payment of £350 is the right amount to provide a fair and reasonable outcome to this complaint.

Ms R also replied to disagree with my provisional decision. She said she didn't think I had ascertained what had actually happened. She asked me to obtain further emails from NatWest, and to ask it for recordings of all the calls she had with its advisors.

Our service does have documentation from NatWest, and I requested additional documentation in order to formulate my provisional decision. In addition, our service has requested all the recordings of calls with Ms R that NatWest held between May 2021 and January 2022. NatWest has sent us what it has, and has explained it doesn't have recordings of all the calls that Ms R made. (I also note, for completeness, that NatWest refers in its own internal emails to not being able to retrieve recordings of all Ms R's calls.)

I do think I have sufficient documentation to resolve this complaint.

Ms R complained that I hadn't referred to advisors by name, so she said it wasn't clear which advisor I was referring to. I don't think it's appropriate to refer to advisors by name in my decision, for broadly the same reasons as our service refers to Ms R by her initial only. Instead I have sought to set out the dates of Ms R's appointments so that she can locate the events I'm referring to.

Ms R said she had some difficulties uploading documents at some stages but actually all those difficulties were due to NatWest's document management system, and she said she had emails to prove this. I was aware when I wrote my provisional decision of the difficulties Ms R reported, and I do accept that this system didn't always work seamlessly. But it appears from Ms R's emails that she was not uploading documents 48 hours before her appointment. I think that, rather than the occasional problem with the online system, is the core reason why a number of appointments didn't go ahead.

Ms R said that she sent a summary property spreadsheet at the beginning of the process. I understand Ms R saw this spreadsheet as key to her applications. But I still think that it was reasonable for NatWest to ask Ms R to show her bank statements and other independent validation of the information on that spreadsheet.

Ms R also said she had a lengthy phone call with an advisor about this spreadsheet, showing her where these figures could be found. She wanted to know why we hadn't listened to that call. I've explained that NatWest no longer has this call recording.

Ms R insisted that all necessary documents were uploaded. But I have seen emails to Ms R, saying that appointments were cancelled because she hadn't uploaded documents. So I still think that was the case.

Ms R stressed how much of her time this took up. She said it was making her ill. She told us that NatWest had done the same before, and it had to pay her compensation that time for the extra mortgage costs she incurred. I have considered how much of Ms R's time these applications have taken, in deciding an appropriate award in this case. But I don't think NatWest has to pay her additional mortgage costs now, just because it has done so before.

Ms R objected to being asked for tax returns. She said she had asked exactly why NatWest needed tax returns and what those returns would show that it couldn't already see from her bank statements and salary slips. But she never received any answer. She said that was because there was no logical reason for requesting tax returns.

I don't agree that NatWest had no reason to request tax returns. I don't think NatWest can tell, every time Ms R makes a purchase using her bank account, whether that is for a tax deductible expense or not. And even if it was able to tell whether purchases were likely to be tax deductible, I don't think it's reasonable to expect NatWest to work out Ms R's profits, when that information is available on tax returns.

Ms R said she was told to do her residential application online, when this wasn't suitable for her. I have accepted that this may well have wasted some of Ms R's time on 16 September.

Ms R also said her decision to change to a residential application was only taken because she was fed up with how long the BTL application was taking, and she had understood a residential mortgage application would be much quicker. She said her daughter had thought of moving into the property at the time, although Ms R does now have a BTL mortgage with a different bank. So it seems likely that a residential mortgage would not, in fact, have suited Ms R.

I explained in my provisional decision that this does impact on the outcome of this complaint. It does look as if the delay to arranging her residential mortgage may also have meant, fortuitously, that Ms R wasn't left with a mortgage which would have prevented her continued letting of this property, once she'd decided that she wasn't going to use it for residential purposes, but would continue to rent it out for profit. So Ms R was able to continue to benefit from the income from this property, which I would anticipate would not have been possible if her residential mortgage application had been completed.

I've considered the further arguments that both sides have provided in response to my provisional decision. But I haven't changed my mind on the appropriate outcome in this case. So I'll now make the award I originally proposed.

My final decision

My final decision is that National Westminster Bank Plc must pay Ms R £350 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 9 November 2022.

Esther Absalom-Gough

Ombudsman