

The complaint

Mr S complains about delays by National Westminster Bank Plc when he applied for a mortgage. Interest rates increased during the delays. Mr S asks that NatWest applies the rate he chose when he applied, or compensates him for the higher rate he's paying to another lender.

What happened

Mr S made an online mortgage application in October 2021. NatWest said it couldn't process the online application due to the nature of Mr S's identification documents (ID). It said Mr S could meet with a mortgage adviser to make an application. Initially, Mr S declined to meet with a mortgage adviser. When he did, interest rates had gone up and the product he'd wanted was no longer available.

Our investigator said NatWest offered a reasonable option to progress Mr S's mortgage application and it was Mr S's choice not to go ahead with an appointment. NatWest offered £450 compensation. It said this was for poor service related to Mr S's complaint and confusion caused about acceptable forms of ID. The investigator said this was fair.

Mr S didn't agree saying:

- Several people at NatWest said his ID was acceptable. No-one contacted him to say it was a problem. He had to chase NatWest throughout.
- He'd asked for call recordings from NatWest. This included a call on 28 October 2021 when he was told his ID was acceptable.
- He provided calculations of his losses, after taking out a new product with his existing lender.
- NatWest ended his complaint early and provided copies of text messages to support what he said. NatWest had written to Mr S with a link for the compensation and Mr S said he felt it was bullying him into accepting it.

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.

We asked NatWest for recordings of its calls with Mr S, in particular the calls on 15 October 2021 and 28 October 2021 when Mr S says he was told his ID was acceptable. NatWest said it couldn't find any record of calls from Mr S on those days. It provided recordings of calls on 6 October 2021, 12 October 2021 and 15 November 2021, which I briefly summarise below.

Mr S says there are other calls, and NatWest sent him a CD with recordings of five calls out of the 10 he'd asked for. He expressed concern that call recordings could have been

falsified. I'm satisfied that I have enough evidence to reach a fair decision. I had no concerns while listening to the recordings that they'd been altered.

Mr S says he was also given incorrect information when he visited his branch. Unfortunately, neither Mr S nor NatWest can provide further evidence of this discussion. I should say that 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.

The call recordings

Mr S called NatWest on 6 October 2021. He said he was making a re-mortgage application online and had been asked to confirm his current mortgage would be repaid before the new mortgage was in place. He said he didn't know how to answer this question. NatWest's call handler said they can't help with completing on-line applications but it could arrange an appointment for Mr S with an adviser.

Mr S made an online mortgage application on 11 October 2021. He called NatWest on 12 October 2021. He said he'd applied for a re-mortgage online and had been asked to provide photo ID, such as a passport or driving licence, which he didn't have. NatWest said for an on-line application without advice the only ID it could accept was a passport or driving licence. NatWest said if Mr S had correspondence from HMRC with his name and address he should upload it as it could use it on occasion. The adviser offered to book an advised appointment. Mr S said he'd try to progress the on-line application first. NatWest said if the ID he provided wasn't acceptable it would offer the option of an advised appointment.

Mr S called NatWest again on 15 November 2021. He said he'd made an application in October and expected to hear back within 14 days. He said he'd loaded the requested documents. NatWest checked and said the application hadn't progressed because Mr S hadn't uploaded photo ID. Mr S said he didn't have photo ID and he'd provided a letter from HMRC instead. Mr S said he expected NatWest to contact him if there were problems with this. NatWest said the system was waiting for ID documents, and Mr S hadn't noted on the application that he'd been unable to load the required documents.

NatWest said it would arrange for the application to be passed to the underwriters with a note about the ID and it would be for the underwriters to decide whether to accept the ID provided. It said Mr S would retain the product rate he'd applied for when he made the application.

What happened after this?

Mr S says he wasn't contacted and had to chase NatWest. It contacted him at the end of December 2021 saying it needed him to provide a driving licence or passport to progress an online application.

NatWest offered a meeting with a mortgage adviser. Mr S didn't accept this. This would have meant making a new application, with a new product recommended by the adviser. Mr S felt this was unfair as he'd been told his identity documents were acceptable. He wanted NatWest to allow his application to proceed with the original product rate. He hoped this would be the outcome of his complaint.

NatWest didn't agree to Mr S's application proceeding on the basis of the original product rate. Mr S met with NatWest's mortgage adviser in mid-2022. He wasn't happy with the products offered and took out a new product with his existing lender.

What should happen now?

Mr S asks that NatWest pays compensation based on his mortgage being on a higher interest rate than the product he'd applied for in October 2021. And compensates him for being on his lender's standard variable rate until mid-2022. I don't think it's fair and reasonable to require NatWest to do that. I've explained why below.

- NatWest is entitled to make decisions about its processes and lending criteria. This includes what identity documents are acceptable. The ID offered by Mr S wasn't acceptable to NatWest for an online mortgage application.
- Mr S was able to apply to NatWest for a mortgage with the ID he had available, but he needed to do this through an appointment with a mortgage adviser. NatWest offered Mr S an appointment on 6 October 2021 and 12 October 2021, as well as at the end of December 2021.
- NatWest told Mr S that limited ID documents are acceptable for an online application. It didn't confirm it would accept the letter from HMRC. During the call on 12 October 2021 it said it accepts it *on occasion*. Mr S wanted to continue with the on-line application. NatWest said if he did this and his ID wasn't accepted it would offer an advised appointment. I appreciate that Mr S hoped his ID would be acceptable. But I think Mr S ought reasonably to have been aware that NatWest might not accept his ID when he decided to continue with the online application.
- The product Mr S applied for was withdrawn on 20 October 2021. To secure this product Mr S would have had to meet with a mortgage adviser and make a new application before then. It was Mr S's choice to continue with the online application after the call on 12 October 2021, despite being aware that there could be a problem with his ID and NatWest offering an advised appointment. If Mr S was (as he says) given incorrect information on 28 October 2021 this didn't change the outcome – the product he wanted had already been withdrawn.
- Mr S told NatWest in October 2021 he might not have the right equipment for a call with a mortgage adviser, for instance if a computer with a camera was required. Ultimately though, he was able to have an advised call with a mortgage adviser. It seems likely this could have been arranged in October 2021, had Mr S chosen this route.
- There's no guarantee that NatWest would have offered Mr S a mortgage even if he'd had the right form of ID or had met with a mortgage adviser. It would have had to complete checks, such as an affordability check and that the property met its lending criteria.
- When NatWest told Mr S his ID wasn't acceptable for an online application it offered an advised appointment. Mr S hoped NatWest would allow his application to continue with the original product rate and wanted to wait for the outcome of his complaint. But it was Mr S's choice in late 2021 and early 2022 not to go ahead with an advised appointment or look elsewhere for a better rate, despite being on his lenders standard variable rate.

Mr S was clearly frustrated with the process. But it's for NatWest to decide what forms of ID it accepts for online mortgage applications. I think it made Mr S aware that his ID might not be accepted. And it offered a reasonable alternative – an appointment with a mortgage adviser. I know Mr S will be disappointed. But I don't think it's fair and reasonable to require NatWest to pay compensation for his costs or losses due to his online application being rejected, or the time he spent on his lenders SVR while he pursued the online application and waited for the outcome of his complaint.

NatWest did make some errors here and I think it's right that it offered compensation. Mr S says he was given incorrect information by branch staff about his ID being acceptable. NatWest accepts that Mr S could have been given incorrect information at his branch and offered compensation for this.

Mr S made an application in October 2021 (albeit this was missing the required photo ID). It took NatWest until the end of December 2021 to tell Mr S his ID wasn't acceptable, despite Mr S calling it in mid-November 2021 to check what was happening. While I think NatWest ought to have given Mr S an answer more quickly after he called in mid-November 2021, I don't think this would have changed the outcome. I think Mr S would still haven't wanted to see if there was a way for him to proceed with the product he chose in October 2021.

NatWest also accepts there were errors with the way it dealt with Mr S's complaint. NatWest offered £450 compensation for the way it dealt with the complaint and the incorrect information Mr S says he was given. I think for the inconvenience and upset caused by NatWest's poor service, this is fair and reasonable.

I don't think NatWest intended to bully Mr S by offering compensation and sending a link for him to claim the money. It made it clear in the final response letter that accepting the compensation wouldn't affect him being able to bring his complaint to this service.

My final decision

My decision is that National Westminster Bank Plc should pay £450 to Mr S, as it offered to do. It can deduct any compensation it has already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 13 January 2023.

Ruth Stevenson
Ombudsman