

The complaint

Mr and Mrs P complain that National Westminster Bank Plc didn't port their mortgage. They say if NatWest had told them about a change in lending policy they could have taken steps to make sure they met it. Mr and Mrs P ask that the early repayment charge (ERC) is refunded and for compensation for the stress of applying elsewhere and losing the benefit of the interest rate product.

What happened

Mr and Mrs P had a mortgage with NatWest. In mid-2022 they contacted NatWest to discuss porting. Mr and Mrs P had accepted an offer on their property but hadn't found a property to buy.

In September 2022 Mr and Mrs P found a property to buy and booked an appointment with a mortgage adviser. They didn't meet NatWest's lending criteria. While NatWest said it would consider whether the application could proceed outside policy there wasn't enough time to do this before Mr and Mrs P's sale completed the following week.

Mr and Mrs P say NatWest should have told them it had changed its lending policy. They say had it done so they could have arranged matters so that they met its policy. Mr and Mrs P also complain about call waiting times and not being able to meet with a mortgage adviser before finding a property to buy.

NatWest said it followed the correct process. It apologised for its service at times and offered £150. Our investigator said NatWest had acted reasonably and was entitled to apply the ERC.

Mr and Mrs P didn't agree. In summary, they said they had no reason to suspect anything was wrong since they'd made their timings and intentions to port clear. They were only told they didn't meet criteria the day before their meeting with a mortgage adviser. Mr and Mrs P said if there hadn't been a change in policy this meeting would have gone ahead and they'd have been able to port. Instead, they were put in an impossible position by NatWest changing its policy without giving them an opportunity to address the problem.

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.

Rules on mortgage regulation require lenders to carry out strict affordability tests before offering or varying a mortgage. Each lender is entitled to put in place its own processes and policies. Lenders don't have to publish their policies or tell customers when they change.

Mr and Mrs P had taken out a five-year fixed interest rate product in 2020. As is usually the case with fixed interest rate products, an ERC was payable if the mortgage was repaid during the product term. This was clearly set out in the product offer, and Mr and Mrs P agreed to this when they took out the product.

The product offer said the product was portable. That meant Mr and Mrs P could take the product with them (without paying the ERC) if they repaid their mortgage and took out a new mortgage with NatWest. The product offer said the new application needed to meet NatWest's lending criteria at the time of the application and was subject to credit checks and a valuation of the new property.

I've listened to Mr P's calls with NatWest in June and July 2022 when porting was discussed. Mr and Mrs P had an offer for their property but hadn't yet found somewhere to buy. It's clear that Mr P wanted to port, and also clear that he didn't agree with NatWest's policies and processes. I think though that NatWest gave him correct information. That in order to port, they had to start a porting application with a mortgage adviser before they redeemed their mortgage. That it would look to port on a like for like basis. And there was no guarantee of an offer until an application had been reviewed and this was subject to lending criteria.

Mr and Mrs P couldn't start an application in July 2022 because they hadn't found a property to buy. NatWest told Mr and Mrs P they couldn't book an appointment with a mortgage adviser until they had an offer accepted for a property. This is NatWest's policy, and I don't think it was unfair for NatWest to apply its policy here.

Mr and Mrs P contacted NatWest on 20 September 2022 as they'd had an offer accepted for a property. They were offered an appointment with a mortgage adviser on 22 September 2022 – two days later. On 21 September 2022 the mortgage adviser called and said Mr and Mrs P didn't meet its lending policy.

The mortgage adviser sent an email to Mr P on 22 September 2022. This said NatWest would consider whether the application could proceed outside of its policy. It said this would have to be agreed before the application could commence and set out the steps involved. Mr and Mrs P's sale was due to complete on 27 September 2022 and Mr P had told the mortgage adviser this couldn't be changed. This was only three working days later, and NatWest said this wasn't enough time.

At that point, Mr and Mrs P weren't legally bound to a completion date, but they didn't want to risk losing their sale. Mr and Mrs P were in a difficult position. They had to choose whether to go ahead with their sale, pay the ERC and make a new application. Or delay (and risk losing) their sale so that they could potentially start a porting application.

Mr and Mrs P decided to go ahead with the sale of their property at the end of September 2022 and repaid the mortgage, knowing they wouldn't be able to port.

Mr and Mrs P say they should have been told about changes to lending policy or allowed to meet with a mortgage adviser before they found a property to buy. It's possible that matters might have worked out differently if they had, although it's also possible they still wouldn't have met lending criteria or other issues could have emerged during the application process. But I don't think I can fairly find that NatWest ought to have waived its usual process and allowed Mr and Mrs P to meet with a mortgage adviser when they weren't in a position to start a mortgage application.

When Mr and Mrs P didn't meet NatWest's lending criteria it said it could consider whether the application could proceed outside policy. I think that was fair.

The timing of Mr and Mrs P's sale and purchase didn't fit with NatWest's porting process. But that's not the same as finding that NatWest made errors or treated them unfairly. NatWest is entitled to put in place processes and lending criteria, and it doesn't have to notify customers of changes. NatWest gave Mr and Mrs P correct information about its porting process, including that they had to meet lending criteria at the time of the application.

I don't think it's fair and reasonable in the circumstances to require NatWest to refund the ERC or pay compensation to Mr and Mrs P for their new mortgage having a higher interest rate.

In response to Mr and Mrs P's complaint about call wait times, NatWest offered an apology for not providing a good service at times and £150. I think this is fair and reasonable, in the circumstances, for the upset and inconvenience caused.

My final decision

My decision is that National Westminster Bank Plc should pay £150 to Mr and Mrs P, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 1 November 2023.

Ruth Stevenson
Ombudsman