

## **The complaint**

Mrs E complains that National Westminster Bank Plc (NatWest) unfairly declined her attempt to transfer her joint mortgage into her sole name and take out further borrowing.

## **What happened**

In August 2023, Mrs E approached her existing lender, NatWest, about transferring her joint mortgage into her sole name. She explained that her husband had left the family home, so she wanted to find out if she'd be able to take on the mortgage in her own name as well as adding her credit card debt to the mortgage in order to have one affordable payment going forward.

NatWest carried out an income and expenditure assessment and determined that Mrs E's circumstances at the time meant the proposed change and further borrowing would be unaffordable for her. As such, it declined her application on both parts.

Unhappy with this assessment, Mrs E complained to NatWest. She didn't think it had taken a holistic view of her finances or that her outgoings would reduce once her credit cards had been consolidated. She also thought it was unfair that NatWest carried out a stress test as part of the assessment. NatWest investigated the complaint but did not uphold it.

Dissatisfied with NatWest's response, Mrs E referred her complaint to our service.

One of our investigators looked into the complaint but did not think it should be upheld. She considered the points raised by Mrs E including NatWest choosing to stress test the affordability assessment, its decision not to take into account Mrs E's potential receipt of Government benefits, the option for her to cut some expenditure and explore increasing her hours as well as the various regulations, duties and codes NatWest should take into account. But having done so, she did not think it had acted unfairly in its decision to decline her application.

Mrs E disagreed with the investigator's findings and asked that the complaint be referred to an ombudsman – adding further comments as to why she thought NatWest had treated her unfairly.

As the complaint could not be resolved informally, it has now been passed to me for a final 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.

When considering what is fair and reasonable in all the circumstances, I am required by DISP 3.6.4R of the Financial Conduct Authority's ("FCA") Handbook to take into account:

'(1) relevant:

- (a) law and regulations;
- (b) regulators' rules, guidance and standards;
- (c) codes of practice; and

(2) (where appropriate) what [I consider] to have been good industry practice at the relevant time.'

I also focus on what I think is material and relevant to reach a fair and reasonable outcome. So, although I have read everything that has been supplied to me, I may not address every point that has been raised.

Having done all that, I don't think this complaint should be upheld. I realise this will be disappointing for Mrs E. But I hope the reasons I have set out below will help her to understand why I have come to this conclusion.

When the mortgage was taken out, NatWest agreed to it based on both Mrs E and her husband being party to it. For Mrs E to take it over on her own, that would mean that instead of there being two incomes available, there would be one. So, it's reasonable for NatWest to think about whether it would be affordable for Mrs E alone – both in the short and long term.

Mrs E doesn't agree that the application was unaffordable, and she doesn't think NatWest took everything into account or looked at her finances holistically when considering her application. NatWest doesn't think Mrs E can afford to take on the mortgage on her own.

So, what I need to decide whether NatWest gave fair consideration to Mrs E's application, and I'm satisfied it did.

At the time of the application, there was just over £148,000 remaining on the jointly held mortgage. Mrs E also had approximately £28,000 in personal credit card debt that she wanted to add to her borrowing.

This meant that NatWest undertook an affordability assessment to find out whether it would be affordable for Mrs E to borrow around £177,000 in her sole name. Based on Mrs E's income and expenditure information - this amount was deemed unaffordable.

A further affordability assessment was carried out to see if Mrs E would be able to borrow just the amount necessary to take on the mortgage in her own name, if she was able to clear the balances on her credit cards ahead of the mortgage being transferred. This assessment also came back as being unaffordable. Even if Mrs E paid off all her credit card debts, the assessment showed that the maximum Mrs E would be able to borrow in her sole name would be around £140,000.

Mrs E argues that NatWest hasn't complied with various rules such as the Mortgage Conduct of Business rules (MCOB), Consumer Duty and FCA Tailored Support Guidance (TSG) which she feels support her argument that NatWest should lend to her. I've considered these points, but I don't think any of these rules should be viewed in isolation and they would not override the need to check that a loan is affordable and sustainable for a consumer.

The rules of mortgage regulation say that an affordability assessment is required when adding or removing a borrower – and in this case, there was also the request for further borrowing. The affordability assessment required is detailed and strict. And while a lender can disregard the assessment if doing so is clearly in the borrower's best interests, I am not persuaded that was the case here. I appreciate Mrs E's comments about wanting to stay in the family home with her children and her concerns about securing alternative housing if this

was not the case. However, I am not persuaded it would clearly be in Mrs E's best interests to switch the mortgage over when there are considerable doubts over whether it was affordable.

I'm aware Mrs E has referenced the principle that a lender taking repossession should be considered a last resort. But that is not relevant in this case – the mortgage is currently up to date and as a result, NatWest has not indicated in any of its communication that it is looking to pursue repossession.

Mrs E also argued that NatWest's decision to stress test her application was unfair as she has always taken a fixed rate so does not consider such a risk applies to her. When considering the long-term affordability of a loan, a lender is required under mortgage regulation to take into account the effect of potential future interest rises (a stress test) to ensure that the consumer will be able to maintain their mortgage payments even after a fixed rate has ended. So, I don't think NatWest have acted unfairly in doing this.

Mrs E has said that the risk to NatWest in giving her the loan would be small as the value of her house means there would be at least £100,000 in equity left in the property and she has sent in submissions to support this. However, the amount of equity in the property would not change the amount Mrs E could afford to pay toward her mortgage each month. So, the value of the house does not reduce the risk of Mrs E falling behind with her repayments should they become unaffordable or unsustainable for her.

Finally, Mrs E thinks NatWest acted unfairly by not taking into account that she is eligible for Government support and that her husband was willing to continue paying toward the mortgage after it was transferred. But as she had not applied for the Government support at the time of the assessment, and the agreement with her husband would be considered a private agreement and not something NatWest would be able to enforce, I do not consider it unreasonable that NatWest omitted this from its assessment of Mrs E's finances. Similarly, while Mrs E has spoken about cutting 'nice to haves' from her expenditure and potentially increasing her working hours in the future, I am not persuaded it would've been responsible for NatWest to agree to lend on the premise of hypothetical changes.

Having taken everything into account, I am satisfied that NatWest fairly considered Mrs E's application based on her circumstances at the time. So, I am not going to recommend that it do anything further to resolve this complaint.

### **My final decision**

For the reasons set out above, I do not uphold this complaint and make no award against National Westminster Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 21 March 2024.

Lucy Wilson  
**Ombudsman**