

The complaint

Mr T has complained that National Westminster Bank Plc declined his application to port his existing mortgage to another property. Mr T says that he's suffered a financial loss as a result.

What happened

Mr T took out a mortgage with National Westminster Bank Plc (NatWest) in 2022. This mortgage was at an interest rate of 3.50%, fixed until November 2027.

In 2023 Mr T applied to NatWest to port his existing mortgage to a new property. I will refer to this property as "*property one*" in this decision. NatWest instructed a surveyor to complete a valuation survey on property one. The surveyor prepared a report for NatWest, which was dated 27 June 2023.

In answer to the question "*Is the Property a Suitable Mortgage Security in accordance with the bank's guidance?*", the valuation survey report answered "*No*", and gave the explanation for this as "*The property is not suitable security because it is of steel frame construction with retrospective cavity fill insulation*". Because of this information in the survey report NatWest declined to port Mr T's mortgage to property one.

Mr T then applied to port his existing NatWest mortgage to a different property, which I will refer to as "*property two*" in this decision. NatWest instructed the same surveyor to complete a valuation survey on property two. The surveyor completed their report for NatWest on 27 September 2023.

The surveyor said that this property also wasn't a suitable mortgage security in accordance with NatWest's guidance, giving the reason for this as "*Post 1965 Timber Frame with retrospective cavity fill insulation. The form of construction is not acceptable to the lender.*" NatWest again declined to port Mr T's mortgage to this property based on this information.

Mr T complained to NatWest in October 2023. Mr T said that he'd paid NatWest to complete a survey on property two. Mr T claimed that the surveyor had completed a "*desktop*" survey and hadn't visited the property. As a result, Mr T claims that the surveyor would have been unable to determine if the cavity fill insulation was retrospective or was completed at the time that the property was constructed.

Mr T also complained that because NatWest had declined to port his existing mortgage, he will have to redeem his mortgage before the end of the fixed interest rate period. As a result, NatWest will apply an early repayment charge of £2,200 which Mr T says should be waived.

NatWest responded to Mr T's complaint on 8 October 2023. NatWest didn't uphold Mr T's complaint. They said that under the terms of Mr T's existing mortgage he needed to apply to port his existing mortgage before he redeemed his existing mortgage. NatWest also said that Mr T's new mortgage application needed to meet their lending criteria. Because the valuation surveys reported that neither property one nor property two met their lending criteria, they were unable to port Mr T's existing mortgage across to either of these properties.

Mr T wasn't happy with NatWest's response to his complaint, so he referred this to the Financial Ombudsman Service. One of our Investigators reviewed Mr T's complaint. Their view was that NatWest hadn't done anything wrong so didn't uphold his complaint.

Mr T didn't accept our Investigator's view so asked for his complaint to be considered by an Ombudsman.

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.

I've seen a copy of the Offer of Loan made to Mr T by NatWest in August 2022 in respect of his original mortgage. Under the heading "*Early Repayment Charges*" the Offer of Loan says: "*If you repay all or any part of your mortgage on or before the end of the fixed rate term, you will have to pay an Early Repayment Charge on the amount repaid*". Examples of the amount of early repayment charge that could apply are then given.

Under the heading "*What happens if you move house?*" the Offer of Loan goes on to say:

"You have the possibility, during the period in which an early repayment charge is payable to port your existing mortgage product(s) to your new property subject to the following terms:-

- *You must have applied to port your existing mortgage product before redeeming your existing mortgage.*
- *Your new application must meet our lending criteria current at the time you apply to port your existing mortgage product. We will carry out credit checks on you, and will require a valuation of the new property. We will decline to port if you do not meet our lending criteria in force at that time. This may mean that we decline to lend at all on the new property, or we may allow you to port less than the amount you have applied for."*

I think that NatWest's Offer of Loan was making it clear that an early repayment charge would apply to Mr T's mortgage if he paid off all or part of his loan before the end of the fixed rate period. This period didn't end until November 2027.

I'm also of the opinion that NatWest's Offer of Loan made it clear that Mr T could apply to port his loan to a new property, but this new application had to meet NatWest's lending criteria. NatWest also explain that a valuation of the new property would be needed.

If Mr T does redeem his mortgage before November 2027, then I think it would be reasonable of NatWest to apply an early repayment charge, under the terms of their August 2022 Offer of Loan.

Mr T applied to port his mortgage to a new property. NatWest instructed a surveyor to complete a valuation survey on the properties that Mr T applied to port his mortgage to. Both valuation reports are signed by the same valuer who declares that they are a “*RICS Registered Valuer*”, stating that they hold the “*RICS Assoc*” qualification.

I think that this meant that the surveyor who submitted the valuation reports to NatWest held a qualification through the Royal Institution of Chartered Surveyors (RICS). I think it was reasonable that NatWest instructed a qualified surveyor to complete the surveys on the properties that Mr T wanted to port his mortgage to.

The valuation reports told NatWest that neither property one nor property two met NatWest’s lending criteria. As a result, NatWest declined to port Mr T’s mortgage to either property. In deciding to decline to port Mr T’s mortgage I think that NatWest relied upon the survey reports that they received.

As NatWest had instructed a qualified surveyor to complete these surveys then I don’t think it was unreasonable for NatWest to rely on the information that was set out in the survey reports that they received when they decided to decline to port Mr T’s mortgage.

I note that Mr T claims that the surveyor only completed a “*desktop*” survey on both properties. However, as I’ve said above, NatWest appointed a qualified surveyor to complete the surveys and were told that neither property met their lending criteria. Having appointed a surveyor, I think it reasonable that NatWest then relied on the information they received in reaching their decision to decline to port Mr T’s mortgage.

I therefore don’t think that NatWest did anything wrong when they acted upon the information set out in the survey reports. I’ve also not seen any evidence to show that either property one or property two did in fact meet with NatWest’s lending criteria.

I therefore think that the Offer of Loan made to Mr T by NatWest in August 2022 had explained that an early repayment charge would apply if Mr T repaid all or part of his mortgage before November 2027 and that for Mr T to be able to port his mortgage to another property, that application needed to meet NatWest’s lending criteria.

As NatWest was told that neither property one nor property two met their lending criteria, I don’t think that NatWest did anything wrong in declining to port Mr T’s mortgage to either property, or if they apply an early repayment charge should Mr T redeem his mortgage before November 2027.

I also note that Mr T complained that he was charged a fee for the completion of the valuation survey on property two, but as Mr T has said that NatWest has subsequently refunded this fee to him then I don’t think I need to address this point any further.

I therefore don’t uphold Mr T’s complaint.

My final decision

My final decision is that I don’t uphold Mr T’s complaint against National Westminster Bank Plc.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr T to accept or reject my decision before 4 June 2024.

Ian Barton

Ombudsman