

The complaint

Mr A complains that National Westminster Bank Plc failed to update his correspondence address. It sent correspondence to the wrong address and failed to notify him that his mortgage payments had increased. Mr A asks that NatWest compensates him for his additional costs.

What happened

Mr A had a residential mortgage with NatWest with consent to let. Mr A asked NatWest to update his correspondence address in 2022. NatWest didn't update its records correctly and, as a result, it sent letters about the mortgage account to Mr A's previous address.

Mr A says NatWest committed data breaches and it failed to keep him informed about his mortgage. He says it breached mortgage regulations when it failed to notify him that the mortgage interest rate had increased. Mr A says his current account became overdrawn due to the higher payments and he paid mortgage interest at a higher rate.

NatWest reported the data breach internally. It refunded overdraft interest of about £35 to Mr A's current account. And paid compensation of £250.

Our investigator said NatWest had done enough to put matters right. He said it wasn't fair to require NatWest to refund mortgage interest. He said Mr A would have had to pay the higher monthly payments regardless of the error.

Mr A didn't agree. He said NatWest hadn't notified him of interest rate changes, which made it hard to manage his finances. He said NatWest committed multiple data breaches.

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 made an error. Mr A gave NatWest his new correspondence address in 2022 and it didn't update his address correctly in its records.

This error had two consequences. There was a data breach as statements and letters containing Mr A's personal data were sent to an address that he no longer lives at. And Mr A wasn't kept informed about his mortgage. In particular, he didn't receive notices that the mortgage interest rate and monthly payments had increased.

NatWest said it had raised an internal process regarding the data breach.

We asked Mr A how the data breach had affected him. For instance, if he had any reason to think that letters sent to the wrong address were opened by the occupants or if this had led to any loss or harm. Mr A said he didn't know if the letters were opened. He only knows they were sent to the wrong address.

At the moment, there's no evidence that this data breach resulted in financial harm or loss to

Mr A. But it has caused him worry. I think it's right that NatWest paid compensation for this.

Mr A says NatWest should refund part of his mortgage interest (the additional interest amount that it didn't notify him about) applied over this period. This is because it didn't notify him about the change in interest rate and monthly payments, as required by rules on mortgage regulation (in particular MCOB 7A.2). He says otherwise all banks could choose to ignore the regulations.

I don't think NatWest chose to ignore the requirement to send notices to Mr A. It made an error when it failed to update Mr A's address correctly. This meant it sent the notices to the wrong address.

We offer an informal dispute resolution service. This service isn't a regulator and we don't have the powers of a regulator – for instance to fine businesses. What I can do is consider how NatWest's error affected Mr A and what it should fairly and reasonably do to put matters right.

We asked Mr A how this had affected him. And how he'd have acted differently if he'd been told about changes in the interest rate and monthly payments. Mr A said this caused him harm as he wasn't able to manage his finances properly. He said he didn't know about changes to his mortgage payments and this made it hard to budget during a period of rising interest rates. Mr A said this was one of the reasons he decided to sell the property – although there were other reasons too.

Taking all of this into account, I don't think it's fair and reasonable to require NatWest to refund mortgage interest or payments. These payments were owed by Mr A, regardless of NatWest's error with his address. Mr A hasn't said he'd have taken action to reduce the amount of the payments – for instance by taking out a new product – if he'd received notice of the changes in payments. Mr A hasn't described a specific problem or impact he suffered as a result of not being kept informed about his payments, such as other bills going unpaid or unexpectedly finding he didn't have funds for living expenses.

One consequence of Mr A being unaware of the higher payments was that his current account became overdrawn. NatWest refunded overdraft interest (about £35) applied due to this. While Mr A says this isn't the point of his complaint, I think it was right and fair for NatWest to refund this interest.

Based on the available evidence, I don't think Mr A suffered financial loss other than the overdraft interest (which NatWest has already refunded). But it must have been upsetting for Mr A to discover his current account was overdrawn, his mortgage payments had increased and letters and statements relating to his mortgage account had been sent to the wrong address. NatWest paid £250 compensation for the worry and inconvenience this caused. I think, in the circumstances, that's fair and reasonable.

My final decision

My decision is that I do not uphold this complaint. That's because I find the steps taken and compensation paid by National Westminster Bank Plc fair and reasonable in the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 26 June 2024.

Ruth Stevenson

Ombudsman