

The complaint

Mr B complains that National Westminster Bank Plc (NatWest) has treated him unfairly when he applied to change his mortgage from repayment to interest only.

What happened

Mr B contacted NatWest after speaking with his broker in December 2022 to discuss changing his mortgage when his existing fixed rate product came to an end. This was due to finish at the end of March 2023.

Mr B arranged an appointment with a mortgage adviser at NatWest as his broker had confirmed it provided the most competitive rates. This appointment took place on 1 February 2023 and Mr B explained he was looking to change his mortgage from repayment to interest only when the existing product term ended. During this call an application was made for a five-year fixed rate product on an interest only basis with repayments to be around £3320 per month.

On 9 February 2023, the mortgage adviser emailed Mr B to ask that he provide some further information requested by the underwriters. Mr B provided this on 15 February and emailed the mortgage adviser again on 27 February to chase up on whether there was any news on his mortgage changing from repayment to interest only as he had not had any emails/post to confirm the new terms.

Mr B then chased a response again on 6 March 2023 as he was concerned he'd not heard from the adviser or anyone at NatWest in reference to the application. He explained it was now urgent that someone at NatWest contact him to explain what was going on. Mr B also sent a chaser to a general enquiry's inbox at this point to.

On 10 March 2023 Mr B received an email from a new mortgage adviser in response. They explained the adviser Mr B had been dealing with and who had completed the application was off work and would be for a while. The details of who the application would be passed to in their absence were given to Mr B and he was told to expect a call on Monday.

Mr B emailed back the mortgage adviser to say he received no call on the Monday as expected and he questioned why he was still not getting an update. This was responded to on 14 March 2023 and NatWest apologised for the call not being made and said the mortgage adviser will be in touch directly. Mr B was also provided with the mortgage advisers direct email address on 17 March 2023.

On 20 March Mr B then called NatWest to explain he'd not received a response to his mortgage application. The agent on the call said NatWest had been attempting to contact Mr B with telephone calls on the 14th and 17th of March as well as other calls before this. She said that she could email the mortgage adviser who had been trying to get hold of Mr B.

Mr B said he hadn't heard anything and was getting radio silence from NatWest and he was now concerned he couldn't go to a competitor and would be moved to the variable rate. He asked if the call handler could explain what the problem was.

The agent said she couldn't answer the questions as she isn't a mortgage adviser. But it was confirmed that the application was on hold at this point and Mr B needed to speak with a NatWest mortgage adviser to discuss this.

Mr B asked for a manager to call him in relation to the lack of progress and it was agreed the mortgage adviser's manager would be in touch too and details were passed on. Mr B was also provided with the email address for the manager to allow him to make contact himself and a complaint was raised.

On 21 March 2023, a mortgage advisor from NatWest emailed Mr B to explain she'd been unable to call when Mr B had emailed due to pre-existing appointments. She asked Mr B to let her know when he was free to arrange an appointment. There was no response to this email provided.

Mr B's fixed rate on his mortgage ended on 31 March 2023 and the interest rate moved onto NatWest's standard variable rate. The mortgage remains on a repayment mortgage and his contractual monthly repayment increased significantly at this point.

In May 2023 a formal complaint was raised by Mr B about the lack of contact he'd received from NatWest in relation to his application. A final response was issued by NatWest on 9 June 2023. It said it was sorry that the communication had not been as good as it could have been during the application process and to apologies for this, it offered £250 for the inconvenience.

However, NatWest said the application Mr B had made had now lapsed and it hadn't been successful with no formal offer made at any point. It said the mortgage centre had made a number of attempts to contact Mr B but it had been unsuccessful and based on the information Mr B had provided previously, it wasn't able to offer the mortgage he applied for. And as it stood, the contractual monthly payment for the mortgage had increased to £7696.54 as it remained on a repayment mortgage.

Mr B had not been making this payment since his previous fixed rate had expired and has continued to only pay NatWest around £3320 per month in line with the amount he believes he should be paying had the mortgage moved to interest only with the fixed rate product as he wished. Arrears are continuing to build on the mortgage as a result of this as well as information being recorded on Mr B's credit file.

Our investigator looked at this complaint and didn't think NatWest had gone far enough with the compensation offered for the failings in its communication at the start. She believed information may have been sent to the wrong email address and this added to the inconvenience. She felt an award of £400 was more appropriate for the distress and inconvenience. This recommendation was accepted by NatWest.

But our investigator didn't think NatWest had acted unfairly when it declined the application when Mr B hadn't spoken to a mortgage adviser as requested. And she didn't think it was fair to ask NatWest to do anything retrospectively now as it had made attempts to contact Mr B and these hadn't been responded to. So she didn't think it had done anything wrong when the mortgage continued on a repayment basis and moved to the standard variable rate.

Mr B responded to say he didn't agree and said the following in response to the view and asked that the case be referred for decision:

- NatWest did not contact him until he reached out to the Financial Conduct Authority (FCA) and his local MP on 28 March 2023. Prior to this he had no communication

and he believes NatWest has lied about the number of previous communication attempts.

- NatWest has deliberately avoided contact with a view to keep him in the dark about his mortgage changes to trap him into a position where it would be too late to go elsewhere.
- This was a tactical decision to force Mr B to pay more in interest than he would otherwise have paid.
- He believes it is unheard of for such a large and regulated company to do what it did and fail to reach out for him for as long as it did.
- Had a prompt response been provided, he would have been able to challenge the decision or look for another lender or sell assets to clear the mortgage if need be. This was not available as an option to him and NatWest has forced him on to the variable rate which he would not have allowed to happen having started the process of looking for an interest only mortgage five months earlier with his broker.
- He doesn't believe he was dishonest in the application all with the mortgage adviser. He had explained he was moving from full time employment to a self-employed role but regardless of this, his total available assets are far in excess of the mortgage balance and this could have been repaid earlier than the mortgage term end date if needed. So there should be no reason whatsoever for NatWest to have declined the application.
- The application was never declined by NatWest so he was not aware of the outcome for many months and not until after he had contacted a number of other parties.

The complaint was passed to me for decision as our investigator's opinion remained unchanged.

I issued a provisional decision on this complaint on 8 March 2024. I said the outcome I was planning on reaching was broadly in line with our investigators. But Mr B had expressed a desire to see what had been relied on so he could pass further comment on this in response to the outcome. So to allow this to happen, my provisional decision was issued with additional information provided to Mr B which had been sent to us.

I explained the majority of what has been relied on here is correspondence records provided by Mr B directly or phone calls to which he was party to, so not information he has not seen before. But emails from the mortgage adviser sent to us by NatWest and not Mr B, were provided for his consideration. Anything in reference to the lending criteria of the business is not something that can be shared as this is commercially sensitive and was not provided.

My provisional decision set out why I felt NatWest could have been clearer with Mr B from the outset that it needed more information. And I explained I was planning on upholding the complaint in part and that the compensation NatWest had previously offered should be increased to reflect the impact of this. I said I was planning on asking NatWest to increase this payment to £400 in total.

However, I did not think it was fair to say Mr B was unaware of the issues with the mortgage application ahead of his previous mortgage rate expiring and NatWest had demonstrated it had attempted to speak with him to request more information for the application to be progressed. He failed to return these requests and as a result, I don't think NatWest acted unfairly when the application was not progressed.

A copy of what I said is set out below:

I am planning on upholding this complaint in part, in line with our investigator's recommendation, I know this will be disappointing for Mr B, but I'll explain why I don't think NatWest needs to go further than this.

The crux of this complaint is whether NatWest acted fairly when it assessed the information provided by Mr B. And whether it failed to provide Mr B with the relevant information about this application and its progress to allow him to answer any questions to assist with its assessment of the application.

The application

Mr B, in his response to our investigators opinion has raised a number of points about the lending decision made by NatWest. He doesn't think the application was ever declined or that there is a reason why NatWest should not have provided the loan as he requested.

The application was not declined when Mr B first made it, but the underwriters required additional information from Mr B after the application was submitted. There were concerns about Mr B's ongoing employment and income as the payslips provided indicated Mr B had already left his employer. The change from repayment to interest only meant Mr B needed to have an affordability assessment completed and there was a concern over his ongoing income.

Mr B has said he was clear with NatWest from the application that he was intending to move to a self-employed role in the future and this was all disclosed. I agree from the application call, Mr B did explain this to NatWest and said he would be leaving in the September – so some months after the application.

NatWest is responsible for checking whether the borrowing it is providing is affordable and this will involve looking at the current situation as well as any future changes likely to happen. Although Mr B had explained there would be a change to his employment in the future, this appeared more immediate than indicated. So I don't think NatWest was acting unreasonably when it said it needed more information from Mr B before it could agree to the change to his mortgage. And when this was not received, I don't think it has acted unfairly when the application hasn't been progressed further.

Communication

There was clearly a delay in Mr B being told he needed to speak with a new mortgage adviser. But I do not agree that there was 'radio silence' or that Mr B was not aware there was an issue with the application ahead of his previous fixed rate product expiring.

Mr B has provided the email exchanges he had with NatWest and the mortgage adviser who completed the application and these demonstrate that after providing the information requested by the underwriters on 15 February 2023, Mr B did not hear back from anyone at NatWest until 10 March 2023 when another adviser responded following the chasers Mr B had sent to it.

The new adviser said someone would be in touch with Mr B and he should expect a call. When Mr B didn't receive a call he emailed back and the adviser apologised and said this was their error as a call had been promised on a day when the mortgage adviser was not working. But they said the mortgage adviser would be in touch to discuss Mr B's application. Mr B asked for the mortgage advisers' direct email and phone number so he could contact them directly and he was provided with their email address on 17 March 2023.

Mr B has said he didn't receive a call from the mortgage adviser and on 20 March, he called NatWest looking for an update. He said at this point he had heard nothing since the application was made. The agent he spoke with said they were not able to talk about the mortgage application as they were not a mortgage adviser and Mr B would need to speak with one to discuss the application as they could see it was currently on hold because more information was needed.

The day after this on 21 March, an email was sent from the mortgage adviser that Mr B had been told would be in contact, asking for Mr B to confirm his availability to arrange a time to speak that week about the mortgage. This was to the same email address that Mr B had been corresponding with NatWest on previously, demonstrated with the email chain he's shared with this service. No response was sent to the mortgage adviser and they sent a chaser email to Mr B on 2 May 2023. This received no response either.

Our investigator believed there was an error with the email address used by NatWest and that this could have added a delay, but I don't agree this is the case. The email address that information has been sent to has been consistent throughout and I've not seen anything to indicate an error was made here by NatWest. I think it provided Mr B with the details of who to speak to and I see no reason why the emails sent by the mortgage adviser would not have been received.

While I appreciate there was a delay at the start of the process with Mr B's mortgage adviser needing to change and this not being picked up by NatWest as quickly as it could have been. I cannot agree NatWest was failing to engage with Mr B ahead of his previous fixed rate ending. And he was aware from the conversations he had on 20 March 2023 that the application had not been accepted and was on hold until Mr B spoke with a mortgage advisor. Mr B did not provide a date he was available to speak with the mortgage adviser and because of this, the application could not be completed.

With this in mind, I think an award of £400 in total for the delays with NatWest in responding to Mr B is fair and reasonable. The delay meant Mr B had less time than he would have otherwise had to provide NatWest with information but as I've explained above, I don't think it failed to engage with him completely and when no response was provided, the mortgage moved to the standard variable rate.

I plan on directing NatWest to pay an additional £150 to Mr B for the distress and inconvenience added when it failed to communicate with him as quickly as it could have. This in addition to the £250 offered in its final response, with a total award of £400.

NatWest in its response encouraged Mr B to speak to it about his options now. To date, I don't believe he has done this. Instead he has continued to pay less than the current contractual monthly payment for his mortgage and arrears have continued to increase. But for the reasons I've explained above, I don't think NatWest has acted unfairly when the mortgage moved to the standard variable rate on a repayment basis as the application to move to a fixed rate on interest only was not completed due to Mr B not responding to NatWest's requests for him to do so.

Mr B will need to speak with NatWest about his current options and if he is unhappy about anything that is offered, he may need to raise a new complaint with it first.

NatWest responded to say it had nothing further to add.

Mr B responded to say he didn't think the situation and what had truly happened has been understood. He said he's been deprived of his right to respond point by point to the information that NatWest has provided and in the absence of this, he cannot counter what he

believes to be lies. He asked again to be sent the report from NatWest which has been relied on and asked that we have a telephone conversation so that the complaint can be better understood.

The complaint has now been passed back to me for 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.

I am sorry Mr B is unhappy with the outcome that I set out in my provisional decision which has been included above. But based on everything I've seen and have been provided with since, I see no reason to depart from this provisional decision.

I am happy there is no need to have discussed the case with Mr B on the telephone ahead of the final decision. I feel the information I have and the timeline of events is clear and any call with one party to a complaint could be seen as an informal hearing which may jeopardise the impartiality of my role as the deciding ombudsman.

I issued the provisional decision to allow Mr B more time to make comments on the outcome, with the evidence provided which I'd relied on. The decision itself refers to a number of email exchanges by date with NatWest and Mr B. So while I appreciate Mr B believes the information provided by NatWest as to what happened and when is not a true reflection of what has happened, I am satisfied he was in contact with NatWest ahead of his previous mortgage product deal expiring. And I believe Mr B was given notice that there was an issue with the application for the product switch and move to interest only with him needing to speak further with NatWest about this to progress the application.

This information has been sent to Mr B and as I've said previously, the bulk of what has been relied on is the information which demonstrates that after the delay in NatWest speaking with Mr B about his application, it did engage with him and let him know there was an issue.

I have not seen that Mr B engaged with NatWest further or provided details on his availability to allow it to be provided with the information it needed for the application to be progressed. Mr B has failed to provide anything to support he did speak with it after he was asked to and when this didn't happen, I don't think NatWest acted unfairly when the application was not completed.

There was a delay in NatWest contacting Mr B after the application was first made. And as I've explained in my provisional decision, this will have added to the stress of the situation as Mr B had less time than he would otherwise have had to deal with NatWest and its requests for information from him. And I think the award of £400 in total in recognition of this is fair and inline with what I'd expect to see still.

Overall, for the reasons set out in the provisional decision included above, I uphold Mr B's complaint in part and direct NatWest to do the following to put things right.

Putting things right

NatWest should pay Mr B £400 in total for the distress and inconvenience experienced when there were delays in information being provided to him.

If it has already paid the £250 offered in its final response, it will need to pay the difference of

£150 now.

My final decision

I uphold Mr B's complaint against National Westminster Bank Plc in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 May 2024.

Thomas Brissenden
Ombudsman