

The complaint

Miss D complains about the service she received from NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY when she wanted to make changes to her mortgage.

Her husband, Mr A, brings this complaint on her behalf.

What happened

Miss D's mortgage with NatWest was on a fixed interest rate until 31 March 2023. In early August 2022 Miss D phoned NatWest to discuss reducing the mortgage term, making an overpayment, and taking a new interest rate product.

NatWest said that Miss D was too early to book a new interest rate product, because she could only book a new product to follow on from the end of the existing fixed rate a maximum of six months in advance. It also said she would need to have an appointment with a mortgage adviser to discuss a term reduction but there was likely to be a long wait for an appointment, she could make an overpayment either on the phone or do so online, and she also had the option of booking a new interest rate product online from the start of October 2022.

Miss D asked to book an appointment with an adviser, and a booking was made for the next available appointment on 27 September 2022. Miss D complains that this appointment didn't then go ahead, and the next available appointment wasn't until mid-November 2022.

On 2 November 2022, before Miss D's appointment with an adviser, she booked a new interest rate product online. After a discussion with a NatWest adviser, she then decided to go ahead with the product switch she had booked and amend the mortgage term once the new rate was in place in April 2023, rather than cancel the rate switch in order to amend the term first.

In early 2023 Miss D then made changes to the rate she had booked as available rates changed. She made those changes online, and the rate she chose was applied to her mortgage in April 2023. She complains about the time it took to get an appointment with a NatWest mortgage adviser and that the September 2022 appointment didn't go ahead. She says she missed out on a lower interest rate product as a result.

In December 2023 Miss D made an online application for a further advance of £50,000 on her mortgage. NatWest approved it and issued a mortgage offer on 9 January 2024, for a two-year fixed interest rate product of 6.04%.

After making her application for the further advance Miss D called NatWest and asked to switch the additional borrowing onto a different interest rate product, because better rates had since become available. NatWest said she could only do that if she cancelled her existing application and re-applied. It later confirmed that it would carry out a fresh credit search in those circumstances.

Miss D made a complaint. She thought she should have been able to take a different interest rate product without it having any impact on her credit file. She decided not to cancel and re-apply, and the further advance completed in February 2024.

In response to Miss D's complaint, NatWest said it had followed the right process both in 2022 when Miss D wanted a term reduction and a new interest rate product and in 2023/2024 when she wanted to change the interest rate product it had offered on the further advance. Miss D wasn't happy with that and, through Mr A, she referred her complaint to us.

Our Investigator didn't recommend that the complaint should be upheld. She considered that it was reasonable of NatWest to require Miss D to consult one of its advisers before it would agree to a term reduction in 2022, and to require Miss D to re-apply for the further advance in 2023 if she wanted to make a change to the interest rate product.

Miss D didn't accept that conclusion and asked for it to be reviewed. She still thought NatWest had treated her unfairly and said that its approach wasn't in line with that of other mortgage lenders.

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.

There are two distinct parts to this complaint; I'll deal with each in turn.

Miss D's request for a term extension and new interest rate product in 2022

Miss D had to wait almost two months for an appointment with a NatWest mortgage adviser following her phone call on 4 August 2022, when she asked about making changes to her mortgage. I think that's longer than might reasonably be expected. I also think NatWest is aware of that – it said in its final response letter to this complaint that it was looking at resourcing in order to provide a more timely service.

I've listened to a recording of Miss D's call to NatWest on 4 August 2022 and, having done so, I'm satisfied that NatWest warned her about the likely wait time. It then confirmed how long Miss D would have to wait when it booked her in and told her that she could also book a new interest rate product online herself if she wished, once she was eligible to do so from the start of October 2022.

No changes were made to Miss D's mortgage as a result of the September 2022 appointment. Miss D says this was because she hadn't uploaded her bank statements to NatWest's online portal, which she shouldn't have needed to do given that she banked with NatWest and her current account information was therefore already available to it. NatWest says it has limited information about this appointment and it agrees it wouldn't have needed Miss D's statements, but it says it would have needed recent payslips, which it didn't have. It also says however that Miss D wasn't eligible to book a new rate in September 2022 because the six-month period in which she could book a rate before her existing rate ended hadn't yet started. There were then no new appointments available for around a further six weeks.

I can't be sure of exactly what happened given the information and evidence that's available or what information, if any, was missing for the 27 September 2022 appointment. But in any event, I don't consider that Miss D lost out financially as a result of the time it took for her to get an appointment with a mortgage adviser. I haven't seen anything to show that she ultimately went ahead with a term reduction, and she couldn't have booked a new interest

rate product before 1 October 2022 because she wasn't eligible to do so – unless she was prepared to pay an early repayment charge to end her existing fixed interest rate product early, and I've seen nothing to indicate that was the case. She knew from her conversation with the adviser on 4 August 2022 that she could choose the order in which she arranged a term reduction and/or a new interest rate product. She also knew from that conversation that she could book a new product online without waiting for an appointment – which is what she ultimately did in early November 2022.

I've also kept in mind the economic circumstances in late 2022. The mortgage market was moving fast at that time, with the availability of products changing very quickly. Many mortgage lenders were experiencing very high demand from borrowers wanting to book new rates before they disappeared, and I think that some time to wait for an appointment was to be expected against that backdrop.

Miss D's request to change the interest rate product on the additional borrowing in 2023/2024

Miss D made an application online for additional borrowing in December 2023. NatWest has provided a copy of the message she would have seen when making that application before she submitted it. This says:

“Please note

- You'll be unable to return after this page to make any changes and you're committing to the borrowing amount, term and rate.”

I think this was clear that Miss D wouldn't be able to change the interest rate product after she had submitted her application. When she later asked about switching to a different rate, NatWest told her that she could apply for a different product, but to do so she would need to cancel her existing application and re-apply. Her application would then be underwritten and credit scored again. Miss D was concerned about the impact of another credit search, so she chose to go ahead with the rate she had initially applied for.

I don't consider NatWest's approach to a rate switch request in these circumstances to have been unreasonable or unusual. Miss D has said this isn't in line with the Mortgage Charter, but I don't agree. The Mortgage Charter provides for borrowers to request a better deal with their lender (if one becomes available) up to two weeks before the new rate starts – but that's only for rate switches. Miss D wasn't simply switching her existing borrowing onto a new rate. She was borrowing more money. This was a new application for new borrowing.

In these circumstances, I think it was reasonable for NatWest to want to reconsider the application before making changes in order to satisfy itself that the additional borrowing would remain affordable and sustainable on the revised terms. It had been clear in the application process that changes couldn't be made once the application had been submitted. It was then ultimately Miss D's decision to go ahead with the rate she did rather than re-apply.

Conclusion

In reaching my conclusions I've kept in mind relevant regulatory rules and guidance, including the regulator's expectations that firms deliver good outcomes and support borrowers appropriately during a period of rising living costs. While a lower interest rate product would of course be a better outcome for Miss D, for the reasons I've explained I don't consider that she didn't get one because of anything NatWest did wrong. So, while I realise this isn't the outcome Miss D was hoping for, in all the circumstances I don't consider that I can fairly uphold her complaint.

My final decision

My final decision is that I don't uphold this complaint. I make no order or award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 21 April 2025.

Janet Millington
Ombudsman