

The complaint

Mr and Mrs M complain about the service they got from National Westminster Bank Plc when they tried to get an interest rate product switch for their mortgage.

What happened product

Since 2019, Mr and Mrs M have a mortgage with NatWest and their mortgage was on its standard variable rate ("SVR") from 1 September 2023. The mortgage was in arrears. Mr and Mrs M had an appointment with a NatWest mortgage adviser on 1 November 2023 to complete a product switch on their mortgage, but the advisor told them that due to system issues he couldn't process the application. The advisor called back to complete the application but there were still system issues and promised a further call back that didn't occur. Mr and Mrs M say that they constantly tried to contact NatWest to arrange an appointment but were unable to do so and were in arrears because they had to pay the SVR and were getting non-stop harassment from NatWest which caused a great deal of stress for them as Mrs M was pregnant at the time. They were unable to set up a repayment plan for their arrears as they couldn't get a fixed rate.

Mr and Mrs M were eventually able to get to talk with a mortgage adviser on 1 March 2024 and got a rate of 5.24% fixed until 30 June 2026. Mr and Mrs M complained. NatWest upheld the complaint and backdated the new rate until 1 November – reducing the arrears and offered £400 for Mr and Mrs M's distress and inconvenience. Our investigator felt that NatWest's offer was fair. Mr and Mrs M disagreed and asked for a review.

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 agree that the delay in both processing the application and the failure to keep Mr and Mrs M informed about the progress, or lack of it, of the application for the product switch represents poor customer service and agree that the complaint should be upheld. My role is to decide what is fair compensation for that. Mr and Mrs M had been on the SVR and wanted to fix a rate and, after speaking to NatWest's Financial Health and Support team, arranged an appointment with one of its advisers. But they were unable to get a fixed rate on their mortgage between the beginning of November 2023 and the start of March 2024, a period of four months. NatWest has told us that there were system issues that prevented it being able to help Mr and Mrs M but when these were resolved that it backdated the rate, made an appropriate credit to their account, and reduced the contractual monthly payments.

I can see that such a wait must have been very frustrating and a cause of significant inconvenience for them over several months, although they were never told that the application would be refused rather than NatWest's system issue was preventing them getting the product and they had to wait until the issue was solved. Mr and Mrs M complain that whilst they were awaiting the system issue to be solved that they emailed NatWest over twenty times with no response and were harassed by NatWest. To establish that I asked Mr and Mrs M for evidence in support of that but got no response. So, I don't believe I can fairly

uphold their complaint of harassment.

Mr and Mrs M also say that the arrears got worse and that it had an impact on their credit file. But the account was already in arrears and from the evidence on file, Mr and Mrs M would have had difficulty meeting the monthly payments in any case even if the switch had been done promptly. So, their credit file was likely to have been impacted in any case regardless of the delay in the switch. NatWest did the right thing in backdating the rate to the beginning of the application and from looking at the account seems to have made the required adjustments. Looking at the level of inconvenience as a whole and at our guidelines, I believe that the £400 offered by NatWest represents fair compensation and I will make no further order.

My final decision

National Westminster Bank Plc has made an offer of £400 to settle this complaint which I consider to be fair in all the circumstances. I require the bank to pay this money to Mr and Mrs M unless it has already been paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 11 December 2024.

Gerard McManus
Ombudsman