

## The complaint

This complaint is about Mr S1 and Mr S2's mortgage with National Westminster Bank Plc (NatWest).

Mr S1, who has dealt with the complaint throughout, says that he wasn't able to arrange a term extension, as a result of which he and Mr S2 had to make higher repayments costing about £300 per month more for the months of January-March 2024 inclusive.

Mr S1 says he and Mr S2 had to borrow money from family members to make the higher repayments, and would like NatWest to reimburse them for these financial losses.

## What happened

In 2019 Mr S1 and Mr S2 took out a mortgage with NatWest, after taking advice from their own independent financial adviser. They borrowed £150,995 (including fees) on a capital repayment basis over a term of 14 years. The first two years of the mortgage were on a fixed interest rate, and when that expired in 2021 a new two-year rate was taken out, with a two-year tracker rate following that in October 2023.

On 5 January 2024 the direct debit for the mortgage was returned unpaid. It was re-presented on 15 January 2024 and a £10 fee charged. On 16 January 2024, when the mortgage had about 9 years 6 months left to run, Mr S1 contacted NatWest. He'd been trying to extend the mortgage term online, but hadn't been able to do so.

Mr S1 said that, because he couldn't reduce the monthly payments by extending the term, he and Mr S2 had had to borrow money from family members to cover the mortgage repayments. Mr S1 was also unhappy about the £10 fee for the returned direct debit and wanted it removed. NatWest did this as a gesture of goodwill but explained it was unlikely to do this if future payments were missed. At that point the complaint was not progressed further, NatWest mistakenly thinking that the refund of the fee had resolved it. However, it appears Mr S1 didn't take any further steps to contact NatWest until the end of February 2024.

Mr S1 spoke to NatWest again on 28 February 2024. He hadn't been able to change the mortgage term online. Mr S1 said that in January 2024 he had been given conflicting information by NatWest – saying it couldn't be done online, but then later saying it could. Mr S1 was also unhappy about the length of time he was left on hold, and about the lack of response to his complaint, including failure to provide a reference number.

In its final response letter, NatWest explained that an application would be needed to extend the mortgage term on a permanent basis, and that this can't be done online. NatWest apologised for the conflicting information. The bank explained that it had a cost of living option to extend the term for six months, which could be done online, and said that this probably explained the confusion and why Mr S1 had been told he could extend his term online, when, in fact, he couldn't.

NatWest said it would arrange an appointment for Mr M to discuss his request for a term extension. However, as no extension had yet been agreed, the bank wasn't able to offer any refund of payments. The bank said that any payment received over and above the monthly interest would reduce the capital balance.

NatWest also said that it acknowledged the complaint on 18 January 2024, sent an update on 5 February 2024 and responded to the complaint within the 8-week timescale prescribed by the regulator. NatWest offered £150 compensation for any inconvenience caused to Mr S1 and paid this into his bank account.

Mr S1 and Mr S2 had an appointment with the bank on 13 March 2024, and the term extension to 14 years 10 months was approved. Mr S1 and Mr S2 accepted the term extension on 26 March 2024. Because this wasn't done in time to change the direct debit for April 2024, NatWest reimbursed £335.16 for April 2024, and paid additional compensation of £100.

However, still dissatisfied with the bank's response, Mr S1 and Mr S2 referred the complaint to the Financial Ombudsman Service. They thought NatWest should reimburse an additional £670.32, representing what they said were overpayments they'd made for February and March 2024. Mr S1 said that if the bank hadn't given him incorrect information, the term extension could have gone ahead in February 2024.

An Investigator looked at what had happened. Overall, he thought NatWest had done enough to resolve the complaint. He acknowledged the bank had given incorrect information in January 2024, but he also noted that it wasn't until the end of February 2024 that Mr S1 had contacted NatWest again about a term extension. Because the appointment to discuss the term extension wasn't until mid-March, it wouldn't have been possible for the reduced payment to have taken effect for the March direct debit, as this was due on 1 March 2024.

Therefore, the Investigator wasn't persuaded NatWest was required to reimburse the direct debits for February and March 2024.

Mr S1 disagreed and asked for an Ombudsman to review the complaint.

### **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 confirm I've read everything Mr S1 and NatWest have provided, and I've listened to all the call recordings. I won't repeat all the details of the phone calls here, as the investigator set these out in his correspondence.

After doing so, I've reached the same conclusion as the Investigator, for broadly the same reasons.

It's not disputed that NatWest gave Mr S confusing information when he called to arrange a term extension in January 2024. He thought he could do this online, but this was only possible for a six-month cost of living extension. For a permanent term extension, NatWest needed to speak to Mr S1 and Mr S2 directly, as this would be a material change to the mortgage.

The change couldn't have gone through in January 2024, even if Mr S1 had been given the right information. But he didn't take any steps to contact NatWest about the term extension again until 28 February 2024. Mr S1 was reluctant to arrange an appointment. Instead he wanted guidance on how to arrange the term extension online. But the adviser Mr S1 spoke to didn't think this was the best option, as she felt it was more than likely Mr S1 would come across the same pitfalls as when he'd tried to extend the term online himself previously. The adviser wouldn't be able to see what he was doing, and so she recommended an advised appointment.

It wasn't possible for the advised appointment to be done until 13 March 2024 (due to a discrepancy concerning Mr S2's home address, which resulted in the appointment needing to be re-arranged). The term extension couldn't have been put in place for the direct debit on 1 March 2024, and the signed acceptance wasn't received until 26 March 2024, which was too late to change the April 2024 direct debit.

However, NatWest reimbursed the £335.16 overpayment for April, and has paid a total of £250 compensation for distress and inconvenience. Given that the term extension couldn't have taken place in February or March 2024, I think this is fair and reasonable in all the circumstances.

In addition, I'm satisfied NatWest has responded to the complaint appropriately, and within the timescales prescribed by the regulator.

I appreciate this isn't the outcome Mr S1 was hoping for, but I hope my explanation clarifies why I don't think the bank is required to reimburse any overpayments for February or March 2024.

### **My final decision**

My final decision is that I don't uphold this complaint.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S1 and Mr S2 to accept or reject my decision before 19 December 2024.

Jan O'Leary  
**Ombudsman**