

The complaint

Mr A has an offset mortgage with National Westminster Bank Plc and complains that he was charged £39.33 interest for the period from 28 September 2023 when he should have been charged pence given the offset. Mr A also complains about the information he was given by NatWest.

What happened

Mr A has an offset mortgage with NatWest. He says that by 22 September 2023 he had nearly enough in his bank account to fully offset his mortgage balance. Mr A was surprised when his mortgage statement came in dated 27 December 2023 for the period 28 September to 27 December 2023 saying that he paid £39.33 interest on 4 October 2023. The statement quoted the different interest rates applicable over the period and told him the total interest applied to his account over the period was £39.45.

Mr A phoned the NatWest service team in late December to say that he thought he was overcharged and was told “ *but that is for the prior month*”. Mr A felt that the offset statement was confusing misleading and didn’t make this clear. Mr A got a response to his complaint in March but says that this didn’t deal with his issue directly as it referred to a change NatWest made to its bank statements. After a period when he was abroad Mr A spoke to another member of NatWest’s staff who contradicted the previous person and made a complaint on Mr A’s behalf that he had been overcharged. He was then contacted by another employee who told him that the original advice he got back in December was correct.

NatWest responded to the complaint on two occasions. In its response of 5 July 2024, it said that the interest was applied properly and set out the relevant section from the mortgage terms and conditions. It agreed that that Mr A had been misinformed as to how interest would be applied and paid compensation of £50. Our investigator’s view was that NatWest had acted fairly. Mr A disagreed saying in summary that the NatWest statements were inadequate for the information he required.

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.

Mr A's issue is that he found the information provided by NatWest in its December statement about his offset mortgage misleading. Mr A says this is in breach of Principle 7 of the FCA handbook that information should be clear fair and not misleading. Mr A at various times also refers to NatWest being in breach of the Consumer Credit Act but although this is a regulated mortgage bring regulated by the FCA but not regulated by the Consumer Credit Act. Mr A in bringing his complaint to us provided a supporting document headed "*Information for Financial Ombudsman Service*". In that document Mr A says that he was surprised when his mortgage statement dated 27 December 2023 arrived saying that he had paid £39.33 interest on October 4 and that the statement implied that this was in respect of interest for the period from 28 September 2023 onwards. Mr A believed that this couldn't be right as during this period his relevant savings were fully offsetting his mortgage balance. Although Mr A quoted from the statement he didn't actually supply it and NatWest has supplied to us both the September and December statements for the offset mortgage.

If I look at the September statement, it says that there is uncharged interest - £39.33 - not yet collected. This figure is set out in a calculation if Mr A wanted to redeem his mortgage on 27 September indicating that there was interest accrued but not yet charged or paid. This would be charged to Mr A on the next payment date which was 4 October. If I then look at the December statement I see that £39.33 is in fact charged on 4 October. So, Mr A was told in September that that there was still interest due and then it was charged. I don't consider that Mr A could reasonably have been surprised by the collection of the £39.33 in October as the September statement told him that there was still interest that would be payable but not yet charged. So, I don't accept Mr A's complaint that the information supplied by NatWest didn't meet the information requirements that the regulator would expect, and I don't uphold it.

Mr A wasn't satisfied by the information which he got from the statements and brought an initial enquiry to NatWest and then a complaint in which Mr A got differing information about the period for which the £39.33 was charged and a final response letter which didn't address his complaint. But as our investigator explained complaint handling is not a financial service and so not subject to our jurisdiction and my view is that the statements in any case provided the information that Mr A required.

I note that Mr A has raised a further issue recently with NatWest about the daily interest he was charged per day in August, September, and October 2023. As this was not raised with NatWest before this complaint was brought to us, it's not a matter I will be considering here, and Mr A should in the first instance pursue the enquiry directly with NatWest.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 25 February 2025.

Gerard McManus
Ombudsman