

## **The complaint**

Mr Y complains that following an online application to switch his mortgage product with NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY, the wrong interest rate and deal was applied to his mortgage.

## **What happened**

Mr Y had a mortgage with NatWest. His existing fixed interest rate deal was due to expire on 31 March 2023.

On 10 October 2022 Mr Y applied online for a new interest rate ahead of his existing deal ending.

On 1 April 2023 Mr Y's mortgage switched to a five-year interest rate of 5.54% fixed until 29 February 2028.

In March 2024 Mr Y called NatWest to ask for a redemption statement as he wanted to sell his property. Around that time, he complained that his mortgage had reverted to the wrong product in April 2023. He said that he selected a two-year fixed interest rate not a five-year fixed interest rate in October 2022 and that there must have been an IT glitch that caused the mix-up. As a result, Mr Y was unhappy that he'd incur an early repayment charge (ERC) upon the sale of his property.

Mr Y said that he'd only just realised the error after receiving his annual statement that set out the details of his mortgage. He said he'd not received any paperwork or information about his mortgage beforehand.

NatWest answered Mr Y's complaint on 3 May 2024. It said that it was satisfied that Mr Y had accepted the mortgage offer terms and conditions on the selected five-year fixed interest rate of 5.54%. There was no evidence to suggest that Mr Y selected a two-year fixed interest rate during his application or that NatWest had made an error during the process.

Mr Y remained unhappy with NatWest's response and requested a further investigation. NatWest looked into things again but explained on 22 May 2024 why its outcome remained unchanged.

Unhappy with NatWest's response, Mr Y brought his complaint to our service. An investigator looked into things and didn't recommend that the complaint be upheld.

Mr Y remained unhappy and asked for his complaint to be decided by an Ombudsman. In summary he said that the burden of proof should rest with NatWest to prove that he didn't select a two-year fixed interest rate deal at the time.

Our investigator considered Mr Y's comments but explained why his opinion remained unchanged. Because an agreement hasn't been reached, the case has been passed to me to decide.

## **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've given careful consideration to all the submissions made by both parties, but I won't address each and every point that has been raised. I'll focus on the matters that I consider most relevant to how I've reached a fair outcome – in keeping with the informal nature of our service. Having done all that, I don't think this complaint should be upheld. I'll explain why.

We decide cases on a balance of probabilities basis – so I must consider what is likely to have happened, given all the evidence and circumstances – rather than requiring absolute proof. If we required proof of something happening or not happening, that would result in an unfair burden being placed on the consumer. That's because, as they're the party asserting the occurrence of an error or omission, it would be incumbent on them to prove that assertion. I've thought about what this means for Mr Y's case.

Mr Y applied for his rate switch through NatWest's self-service online feature. This means his application was submitted on an execution only basis without the involvement of NatWest staff.

During the online rate switch application, NatWest says the customer is presented with the rate and payment amounts for the selected product. Based on my general knowledge of online mortgage rate switch applications, that is typically what I'd expect during the process.

NatWest has explained that to complete the application, Mr Y was required to electronically sign the mortgage offer terms and conditions by ticking a box to say that he agreed to proceed – instead of providing a physical signature on paper. The rate switch could not go ahead without this.

NatWest has shown that on the day of the application, the product switch documentation was generated for digital acceptance. The customer is required to download and save a copy of the mortgage offer to their device. NatWest says that Mr Y digitally signed the mortgage offer terms and conditions (by ticking the relevant box) on 11 October 2022 at 7.27am. I'm satisfied from seeing a copy of the mortgage offer dated 10 October 2022, that the offer Mr Y signed included details of the five-year fixed interest rate deal that he selected during the application process.

Mr Y was also sent a letter in April 2023 ahead of his new payment amount changing – that detailed the new monthly payment amount, the interest rate, and its end date.

Having considered the steps involved in the online application process, I'm persuaded that Mr Y was presented with enough information to know which deal he was signing up for. I'm also satisfied that the supporting documentation reflects that a five-year fixed interest rate was selected by Mr Y.

Mr Y disputes receiving a copy of the mortgage offer and he says that NatWest can't prove that it was ever sent or signed by him. I've thought about this, and I can see from NatWest's application notes that the product switch documentation for digital acceptance was generated on 10 October 2022. And as I've explained the rate switch could not go ahead without Mr Y's acceptance. So, on Balance I think it's more likely than not that the offer was sent and signed by Mr Y.

NatWest subsequently sent Mr Y a letter in April 2023 informing him of the upcoming change to his direct debit payment in advance of the new rate going live on 1 May 2023. Mr Y has

confirmed in his complaint form submitted to our service that he received this letter, but he says it omitted any product information.

Having reviewed the content of the letter, I'm inclined to disagree. The letter sets out the interest rate applicable and the date on which the rate ends and reverts to the standard variable rate (SVR). It also provided the new contractual monthly payments. The letter sent to Mr Y specifically shows his new interest rate of 5.54% fixed until 29 February 2028 and a contractual monthly payment of £346.91.

Lastly, I've seen that customers can view their mortgage details in the NatWest online banking app. Under the 'manage your mortgage' section, customers can see all details about their mortgage including, but not limited to, their interest rate and the date their current deal ends.

So, on balance, I've not seen anything to suggest that Mr Y opted for anything other than a five-year fixed interest rate during his application, as confirmed by all the supporting documentation that reflects the selected deal at the time.

For the reasons I've explained I'm not persuaded that NatWest made an error here. I've also not seen any evidence to suggest that Mr Y selected a two-year fixed interest rate. If Mr Y's mortgage had reverted to a deal that he was not expecting, I think he'd have most likely raised this as a concern sooner. Mr Y says that he was only alerted to information about his mortgage when he received his annual statement in 2024. But coincidentally this was also around the time he was intending on redeeming his mortgage and subject to an ERC.

I appreciate that it must've been disappointing for Mr Y to discover the ERC amount payable on redemption of his mortgage, but under the relevant rules, lenders are entitled to apply an ERC. I'm satisfied that the ERC was set out clearly and prominently in the mortgage offer that Mr Y accepted when he switched his mortgage deal. So, I can't reasonably say that NatWest can't apply the ERC that Mr Y agreed to when he took out the mortgage.

The ERC forms part of the contract that Mr Y had with NatWest. It is for NatWest to decide whether it's willing to break the contract and accept Mr Y's proposal to waive the ERC instead – which it hasn't agreed to do. So, I don't consider NatWest has acted unfairly or unreasonably in applying the ERC in line with the contract that Mr Y agreed to.

Lastly, I note Mr Y also complained about the way NatWest dealt with his complaint. However, as our investigator has explained complaint-handling isn't a regulated activity and so it's not covered by our rules. I have therefore not made any comment about this.

### **My final decision**

My final decision is that I don't uphold Mr Y's complaint against NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 18 April 2025.

Arazu Eid  
**Ombudsman**