

## The complaint

Mr G complains that National Westminster Bank Plc have changed their mind about allowing his mortgage to stay on interest only at a time when he needed support. He said he signed a contract in good faith and now NatWest have voided that contract.

## What happened

Mr G took out this mortgage with NatWest in March 2020. This mortgage had two sub accounts. Sub account one was for an amount of £123,796.20 which had a fixed rate of 1.94% until 31 December 2023. Sub account two was for a loan amount of £51,798.80 with a fixed rate of 1.48% until 30 June 2025.

Sadly, Mr G's partner passed away in April 2023 and Mr G said he contacted NatWest to find out what support they could offer him. He said he was told that the mortgage had to be redeemed immediately. Mr G tried to sell the property for a few months but wasn't able to so NatWest referred him to their special events mortgage assistance team.

Mr G said after weeks of sleepless nights and worry, NatWest provided him with an affordable interest only mortgage which he said he signed in good faith. Mr G said that NatWest voided this in April 2024 and they told him that the mortgage would be switching to capital repayment.

NatWest said that they changed Mr G's mortgage to interest only for six months under the mortgage charter and they wrote to him letting him know what his new payments were going to be and they didn't agree that they had done anything wrong.

Mr G wasn't happy with this so he brought his complaint to the Financial Ombudsman Service where it was looked at by one of our Investigators. The Investigator thought that some of the information that NatWest had provided to Mr G could have been clearer. She acknowledged that Mr G had changed interest rates during the time his mortgage was on interest only, but she thought that NatWest should have told Mr G sooner what his payments were going to be when his mortgage would revert back to capital repayment to prepare him for what he had to pay. She thought that NatWest should pay Mr G £300 for the distress and inconvenience caused.

Mr G didn't agree. In summary he made the following comments:

- Mr G says that NatWest sent incorrect mortgage offers to him.
- He says he would have taken interest only from January 2024 had he of been told that the information was incorrect.
- Mr G said there is evidence in national and local news that there are delays in receiving death certificates which is stopping him being able to sell the property.
- Mr G said he wished he was told about the specialist team in April 2023 after his partner passed away.
- Mr G said there were IT issues at NatWest which is why the mortgage offers were incorrect.

Mr G made a number of other comments, but these are in relation to another complaint being dealt with by our service. The other complaint is about arrears on the mortgage,

NatWest's debt recovery and litigation action and that NatWest have failed to respond to Citizens Advice Bureau (CAB) advisers.

As Mr G disagreed with the Investigator, the complaint 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'd firstly like to say how sorry I am to hear about the passing of Mr G's partner and more recently a very close family member. I can understand this has been and continues to be a very difficult time for Mr G.

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 in line with the informal nature of our service.

Although I've read and considered the whole file, I'll keep my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

Having considered everything by both parties, I agree with the outcome that has been reached by the Investigator. I'll explain why.

Mr G has raised several concerns with NatWest and our service. There are a number of final response letters that have been issued since Mr G brought this complaint to us and as mentioned above, the complaints about litigation and debt recovery action, arrears and NatWest not responding to the CAB, are all being dealt with under another complaint. So to make it clear, this complaint is solely focussing on the fact that Mr G believes NatWest have changed their mind in offering him an interest only mortgage which he believes should be for much longer based on the documentation he received.

Mr G's partner passed away in April 2023. I have seen the contact notes provided by NatWest which shows that NatWest told Mr G they can apply a three-month suspended payment arrangement and that they have cancelled the direct debit to the mortgage. The notes also suggest that once they receive the death certificate, they would apply a payment holiday for May, June and July 2023. From what I can see, this was applied to Mr G's mortgage account even though he explained the delays in obtaining the death certificate.

There is also a note from July 2023 where Mr G explains he is worried about his credit rating and he was thinking about selling the property. I can see that NatWest said deferral options were available but explained they may affect his credit file which Mr G said he didn't want to happen. It looks like NatWest agreed a further payment holiday for August, September and October 2023.

On 9 October 2023, Mr G applied for the cost of living support under the mortgage charter and this allowed him to change the mortgage to interest only for six months. The contact notes for this call show that Mr G was informed that he would pay £238.53 for the first three months and then his mortgage for sub account one would revert to the standard variable rate (as the product was expiring during this period), and that the payment would then be approximately £803.75. It was noted that after the six-month period, his payments would be approximately £1,312.06 based on the current standard variable rate at that time.

NatWest sent Mr G a letter dated 10 October 2023 confirming the changes that would be made to the mortgage from November 2023. This letter was clear that this arrangement was going to be in place for six months and that his payments would be £238.54 as at this time, his accounts were on a fixed rate of 1.94% and 1.48%.

Mr G didn't secure a fixed rate before sub account one expired in December 2023, so the mortgage reverted to the standard variable rate of 8.24%. Mr G was able to secure another fixed rate on 23 January 2024 for sub account one for five years at a rate of 4.34%. The mortgage was still on interest only at this point under the mortgage charter so the payments were £464.61 monthly.

Mr G has argued that when he received the new mortgage offer, it said that the mortgage was going to remain on interest only. He has specifically highlighted the part where it states '*you will still owe £159,125.49 at the end of the Mortgage Term*'. This meant that Mr G would need to have a plan in place to repay the outstanding balance at the end of the term. Mr G believes that the mortgage was going to be on interest only until the end of the term and says he has never signed anything to contradict this information.

Mr G received a further letter from NatWest dated 9 April 2024 that reiterated that his mortgage was on an interest only basis and it confirmed that a direct debit had been set up to take £463.02 on 30 April 2024.

Having reviewed everything very carefully, it's clear that Mr G's mortgage changed to interest only under the mortgage charter support. I think the documents provided by NatWest make it clear that this change was only ever going to be for six months.

The mortgage offer sets out the terms of the new fixed rate product which still showed the mortgage as interest only. On the front of the variation agreement, it says:

*"Important information*

*If you are currently paying your mortgage on an Interest Only basis as a result of a temporary switch under the Cost of Living support, the amounts shown in this agreement will be based on Interest Only and not Capital and Interest. This means that the estimated monthly payments shown in this agreement are less than you will actually pay once your Interest Only period comes to an end.*

*Once the Interest Only period has ended and your mortgage returns to Capital and Interest, we will confirm your new monthly payment and when this will be collected. IT IS LIKELY THAT THESE WILL BE HIGHER THAN THE ESTIMATED AMOUNTS SHOWN IN THIS AGREEMENT".*

I think this document also makes it clear that this agreement was based on the cost of living arrangement so would be a temporary interest only change. Mr G has pointed out that he believes this is inconsistent with some of the other information he has received as the documents didn't set out how much he would pay when the mortgage would revert to capital repayment.

I can understand why some of this may have been confusing for Mr G. This is because the mortgage changed to interest only for six months and during this period, the interest rate on sub account one had also expired. The part that Mr G believes is contradictory is the fact that the mortgage offer illustration part makes it sound like the mortgage will be on interest only until the end of the mortgage term. I accept this may have been a little unclear for Mr G even though the variation section does point out that it is not the case.

Mr G wants NatWest to honour the interest only for the entire term of the mortgage as he thinks this is what he should be on. But I'm not persuaded that NatWest have made an error here other than maybe setting things out in a way that possibly could have been clearer. Mr G was never going to be on interest only for the entire term of the mortgage as it was only ever going to be for a six-month period.

NatWest sent Mr G a letter on 11 March 2024 to confirm that the mortgage would revert to capital repayment as it was coming to the end of the six month interest only period. On 2 May 2024, NatWest sent Mr G another letter confirming that the interest only period had come to an end and that his monthly payments would be £1,092.84.

Mr G said that he wasn't given much notice that his monthly payments were going to change to such a high amount. I can see that Mr G was given some indication in October 2023 when he applied for the interest only under the mortgage charter what his payments were going to be on an approximate basis under the standard variable rate once this period had ended. NatWest could have told Mr G sooner what his payments were going to be once they ended seeing as he had switched sub account one to a new fixed rate during this period but even so, it was likely to always be less than the amount he was told in October 2023 – as this was based on the standard variable rate. But even so, I think that NatWest should have given Mr G an indication of this when he took out the fixed rate in January 2024.

Mr G has said that he would have started the interest only from January 2024 had he of been given this information, but I'm not persuaded he would have. Had he not of done this when he did, his mortgage for sub account one would have reverted to the standard variable rate which would have meant that his mortgage payments would have been higher. And based on the conversation he had (based on the contact notes) it was clear that the fixed rate was ending at the end of December 2023.

Mr G was already finding it difficult to maintain the mortgage payments and he told NatWest this in October 2023. So I think it's more likely that Mr G wouldn't have made a different decision at that time.

So while I think that Mr G could have been given clearer and not contradicting information when he received the new mortgage offer for the fixed rate, I can't say that NatWest should change his mortgage to interest only on a permanent basis.

Mr G was going through a very stressful and difficult time and NatWest were aware of this. I think that NatWest could have put Mr G in touch with the specialist team earlier than they did but I can see that NatWest did try to help Mr G at the time. But I think this needs to be recognised and I agree with the Investigator that an amount of £300 is fair and reasonable in the circumstances of this complaint.

I know that Mr G will be disappointed with my decision, but I won't be asking NatWest to do anything further.

### **My final decision**

For the reasons given above, I uphold this complaint and direct National Westminster Bank Plc to pay Mr G £300 for the distress and inconvenience he has been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 28 April 2025.

Maria Drury  
**Ombudsman**