

The complaint

Mr M's complaint about National Westminster Bank PLC (NWB) relates to how it administered his mortgage account. He has argued that historically it had undervalued his property with the result that the interest rate applied to his mortgage was higher than it should have been, which in turn caused him financial loss.

What happened

Mr M initially took out a joint mortgage in May 2004, but it was changed to a mortgage in his sole name in 2011. The mortgage was a part of his NatWest One Account. Section 3 of the Terms and Conditions of the provided that the interest rate for the account may depend on the amount of [your] 'Facility' in proportion to the value of [your] Property. It also provided that 'If at any time your Property is revalued, we will change the Interest Rate to reflect the new Facility to value ratio'.

The mortgage notes provided by NWB show that in November 2013, Mr M called them to discuss the rate on the mortgage asking how to reduce it. There is further evidence that Mr M also made a complaint to NWB in March 2016, complaining that the interest rate had not reduced as he had expected following a reduction in the balance on his account. NWB investigated this complaint and dismissed it, providing Mr M with a final response letter (FRL) which included his right to bring that complaint to our service. A copy of this letter is no longer available but NWB's notes record the FRL was issued to him.

The next record of any complaint to NWB from Mr M is on 31 August 2024. Mr M was again unhappy with NWB's valuation of his property and the adverse effect this was having on the interest rate. He believed his property was valued higher than the figure NWB then currently held. He was also unhappy with the service he had received from the complaint handler and the advice he had been given in branch.

This resulted in three FRLs dated 5 and 19 September 2024, and 25 October 2024. NWB's position was that the responsibility for requesting an updated valuation lay with the customer, not NWB. Their records showed the first valuation had been at £200,000 in March 2004 and there had been only one further valuation carried out in February 2011. At that time Mr M believed the property to be valued at £240,000 and NWB said Mr M had spoken with an agent discussing both a standard valuation and a drive by valuation and had elected for the latter paying a fee of £182. The result of the drive by valuation was that the property was valued at £220,035. NWB say that they do not carry out automatic valuation updates and that if a customer wishes to have a revaluation they must request it.

Regarding the poor service, NWB accepted that there had been poor service from the complaint handler who had promised to reactivate his complaint but then failed to do so. NWB also accepted that Mr M was given incorrect information when he went into branch that he could provide a valuation figure over the telephone to NWB. In recognition of this poor service NWB paid Mr M £250 and £50 respectively into his account.

Mr M was unhappy with NWB's final response and so approached this service to see if we could assist in resolving the dispute. Our investigator thought that this service could not look

into matters before 31 August 2018. Regarding matters after that he thought NWB hadn't acted unfairly or unreasonably as the compensation it paid reflected the accepted service failings and was enough to put things right.

Mr M didn't agree and asked for the complaint to be passed to an Ombudsman for a final decision.

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 know the parties provided more detail than I have provided in my summary, but I have focussed on what I see as the key issues, because it reflects the nature of our service, that being an informal dispute resolution service and an alternative to taking Court action. If I've not mentioned something in my summary then this isn't because I've ignored it, it's simply because I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Our approach is to look at what happened and determine whether we think a business has been unfair or unreasonable. We don't take sides and we don't represent Mr M or NWB. We take care to look at the evidence which is presented to us and we only ask a business to take further action if there is enough evidence to justify doing so.

Naturally, I have considered the views of both Mr M and NWB together with the available evidence.

In 2016 Mr M made a formal complaint about interest rate to be applied to his account, which NWB dealt with providing him with an FRL including his right to bring the complaint to this service. No such complaint was brought. Mr M also says he contacted NWB over the years between 2016 and 2024 but there is no documentary evidence to show that he did. I suppose it is possible that not all contacts he made were recorded in NWB's notes but given the acknowledgement of his 2016 complaint, evidence for which is the notes, and NWB's response to his 2024 complaint in providing three FRL's, it seems more likely than not that had he made a formal complaint about the interest rates again, NWB would most likely have looked into it and dealt with it as they had previously. The important point to note here is that there is no evidence available to me that he made a formal complaint either to NWB or this service between 2016 and 2024.

What this means is that in so far as the issues he complained about in 2016 and for which he received an FRL, I cannot look into those. The reason for this is because the rules that govern what complaints our service can and can't look into (set out in the Financial Conduct Authority's (FCA) Handbook: specifically, the DISP rules) provide.

DISP 2.8.2R (1) provides that I can't consider a complaint referred to our service more than six-months after the date a business sends its FRL to the consumer unless:

- 1) The business consents to our service looking into the complaint.
- 2) Exceptional circumstances meant that the consumer couldn't refer their complaint in time.

I'm satisfied that part of this complaint falls outside of this time limit.

Mr M was sent a FRL to his complaint in 2016 and he referred his complaint to our service in 2024, which is more than six months after the FRL. The FRL made it clear it was a final response and Mr M had six months from the date on the letter to refer his complaint to us. And NWB haven't given consent to our looking into the complaint outside that timeframe.

This six-month time limit can only be waived if there are exceptional circumstances which existed preventing Mr M from bring his complaint. The FCA's definition of exceptional circumstances is very strict. In short it means a person would need to show they were incapacitated in some way unable to do anything at all in a state of severe impairment, such as being in care or hospitalised. There is no such evidence of that in this case.

Turning now to the complaint Mr M made to NWB in August 2024. I can look into events which occurred six years prior to this, because as our investigator has explained, every time interest was applied to Mr M's mortgage account it counts as a new interest charging event. Very clearly Mr M was aware of the fact that the value of his property could affect the interest rate he would have to pay, since he had previously raised this. He would also know this since it forms part of the terms and conditions of his account.

The only evidence I have seen of a survey is the drive by survey conducted in 2011. Sadly, that survey is not available anymore due to the passage of time and NWB not being required to keep documents beyond 7 years. There is no evidence of any other survey, and I agree that the responsibility for asking for a survey lays with Mr M. Had he asked for one I would have expected to see evidence of it in NWB's notes but there is no such evidence. Whilst I don't doubt that Mr M has discussed the issue with NWB, the point remains there is no evidence he's actually instructed NWB to carry out a valuation.

Regarding the poor customer service he received, NWB have accepted that their service fell below an appropriate standard in relation to being given incorrect information about providing a valuation figure over the phone, and also that his complaint would remain open when in fact it was then closed.

NWB has accepted that it didn't get things right in this regard and because of that it compensated Mr M with £300. As Mr M doesn't agree this is sufficient, I've given this some further thought. When I consider the issue of compensation, I start from the point that any award for the trouble and upset caused should be balanced against the ups and downs of everyday life which we all face when dealing with other people, businesses, and organisations, and recognising that at times this can be inconvenient.

It is also very important to remember that there is no set figure for compensatory awards, since the facts of each case are different. Ultimately it is an exercise of judgement, looking at all the circumstances and coming to a figure which feels fair, when set against the effect of any failures in service on the person bringing the complaint.

When we make awards of compensation we categorise them and examples of these can be found on our website. In this complaint Mr M was given a false expectation that he could ring in his valuation, and his complaint was closed when he was told it would not be. I think the relevant category for this this complaint would be in the lower bracket which is described, *'An award .. of up to £300' is usually applicable when an error has caused frustration and annoyance more than you might reasonably expect from day-to-day life, and the impact has been more than just minimal.*

So, whilst NWB have indeed made errors, I can't say it has subsequently acted unfairly or unreasonably here and I'm not upholding this complaint.

My final decision

My final decision is that National Westminster Bank PLC has already paid Mr M £300 to settle this complaint, and I think that is fair and reasonable. So, my final decision is that I don't require it to do anything else.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 July 2025.

Jonathan Willis
Ombudsman