

## The complaint

Mr and Mrs A complain that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (NatWest) collected a mortgage payment in error on the day of redemption, causing them financial difficulty.

## What happened

Mr and Mrs A had a mortgage with NatWest for approximately £80,000 with a fixed rate which was due to end on 1 February 2025. They wanted to remortgage to a new lender to coincide with the ending of their fixed rate. NatWest sent their solicitor a redemption statement on 21 January 2025, confirming they would have to pay £76,316.68 to redeem their mortgage at that time.

On 3 February 2025 NatWest collected the contractual monthly payment of £438.33 by direct debit. But that was the same day their remortgage completed with the new lender, so NatWest was paid to redeem the mortgage – an amount of £76,332.80 – on the same day it took Mr and Mrs A's contractual monthly payment.

Mr and Mrs A say that left them in the position where they were not able to afford to pay their contractual monthly payment with their new lender, which was due on 16 February 2025. On 13 February 2025 NatWest agreed to refund the payment it took on 3 February 2025, but said that would take five working days to clear, meaning Mr and Mrs A would still not have the funds to pay their new lender. And they're concerned about adverse data being reported to credit reference agencies. So, Mr and Mrs A complained to NatWest.

In its final response letter dated 15 February 2025, NatWest said it had made no error. It explained that the direct debit process is triggered a few days before the actual payment date, and it doesn't cancel that in advance of a redemption as the redemption isn't guaranteed. It also said that the process was explained in the redemption statement it sent to Mr and Mrs A's solicitor. That says:

*"Future payments - it's important that you advise the customer not to cancel their Direct Debit payment before their redemption date, we'll cancel this automatically when their mortgage has been closed. If an extra payment has been made, we'll refund this back to them, this could take up to 10 working days."*

Dissatisfied with NatWest's response, Mr and Mrs A asked us to consider their complaint. Our investigator didn't uphold their complaint. She said NatWest had explained the redemption process to Mr and Mrs A's solicitor when providing redemption statements and it refunded Mr and Mrs A's payment for February in line with that process. She said it was the solicitor's responsibility to inform Mr and Mrs A of the information given in NatWest's redemption statement.

Mr and Mrs A didn't accept our investigator's opinion, although they haven't explained why. But, as they don't accept, their complaint has been passed to me for a 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.

To decide Mr and Mrs A's complaint, I've thought about whether it was reasonable for NatWest to take a mortgage payment on 3 February 2025 and whether the information in its redemption statement explains what Mr and Mrs A could expect during the redemption process.

Mr and Mrs A say that NatWest shouldn't have taken the contractual monthly payment on 3 February 2025. It appears that they hadn't expected that to happen and so hadn't planned for it financially. So, I do have some sympathy for the predicament they were put in when NatWest took payment on 3 February 2025.

However, as NatWest explained in its final response letter, it 'calls' for the direct debit payment – in this case to Mr and Mrs A's bank – a number of days before payment is due. That aligns with my understanding of how direct debits work and, therefore, standard industry practice. I've thought about whether it should have done so on that occasion given that, as I understand it, NatWest had been given some indication that Mr and Mrs A intended to redeem their mortgage.

NatWest says it always collects payment because there is no guarantee that the mortgage would be redeemed. I agree that there are many factors that may prevent the redemption of a mortgage despite it being the borrower's intention that it is redeemed on a specific day. As I understand it, most lenders wouldn't cancel the direct debit – and recommend that borrowers don't do so, as NatWest did here – until after the mortgage is redeemed. So, again, I think that's standard industry practice.

The evidence suggests that the redemption was finalised on 4 February 2025 due to an error by NatWest. But I think that is a separate matter and it took steps to resolve that issue. Even if the payment received by NatWest to redeem the mortgage was applied to the mortgage on 3 February 2025, it wouldn't have prevented the contractual monthly payment from being taken because that amount was requested from Mr and Mrs A's bank days before.

I've also considered whether it was reasonable for NatWest to assume Mr and Mrs A were aware of what would happen. I've checked the copy we've been provided of the redemption statement sent to Mr and Mrs A's solicitor on 31 January 2025. It clearly states the wording I've quoted from NatWest's final response letter:

*"Future payments - it's important that you advise the customer not to cancel their Direct Debit payment before their redemption date, we'll cancel this automatically when their mortgage has been closed. If an extra payment has been made, we'll refund this back to them, this could take up to 10 working days."*

So, I think it was reasonable of NatWest to assume that Mr and Mrs A had been made aware of the redemption process. And the evidence available indicates that NatWest refunded the contractual monthly payment to Mr and Mrs A within the time stated.

Mr and Mrs A have not provided evidence of any loss incurred, be that financially or damage to their respective credit files. But even if they had, I don't think NatWest has made an error here and I think its redemption statement should have been sufficient to inform Mr and Mrs A what to expect from its redemption process. So, I don't uphold their complaint.

**My final decision**

My final decision is I don't uphold Mr and Mrs A's complaint about NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 24 July 2025.

Gavin Cook  
**Ombudsman**