

The complaint

Mr and Mrs S complain that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (NatWest) failed to link their bank account to their offset mortgage, meaning they've been overcharged mortgage interest.

What happened

Mr and Mrs S have an offset mortgage with NatWest. It came with a linked bank account. Due to fraud concerns, in 2017, NatWest closed Mr and Mrs S's bank account and opened a new account with new account details including a new account number.

Mr and Mrs S say that they'd expected that the new account would be linked to their mortgage, like the old one was. They say NatWest told them it would take care of setting up the new account and transfer everything across. So they didn't think they needed to take any further action. But they've recently discovered that the new account wasn't linked to the mortgage after all. This means that ever since 2017 they've been charged more interest on their mortgage because their savings were not offset as they should have been.

NatWest said that new accounts are not automatically linked to offset mortgages. Mr and Mrs S could have asked for the account to be linked at any time but hadn't done so. It had sent them quarterly statements showing what accounts were linked to the mortgage. So Mr and Mrs S knew what accounts were and weren't offset. It was up to them to ask NatWest to link another account if they wanted it linked. But it had linked the account now, so the mortgage would be offset against it from now on.

Our investigator said we couldn't look at what had happened in 2017, because it was too long ago. He said that he didn't think NatWest had acted unfairly because the account wasn't linked to the mortgage during the last six years. Mr and Mrs S didn't agree and asked for an ombudsman to review their complaint.

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.

Each quarter, NatWest sends Mr and Mrs S an offset summary statement. That statement lists the accounts linked to the mortgage and against which the mortgage is offset. I've seen examples of that statement from December 2023 and March 2024. Both say that two accounts are linked to the mortgage:

- A First Reserve account, ending *570
- An instant saver account, ending *128

It also says "currently you have chosen not to include a current account as part of your Offset Arrangement."

The account that Mr and Mrs S say they believed was linked, only to discover in January 2025 that it wasn't, was a Premier Reward Black account (one of NatWest's range of current accounts), ending *886.

I've no reason to believe that other examples of the quarterly statement would have contained different information. There's no dispute that the Premier Reward Black account wasn't in fact linked to the mortgage until 2025, so it wouldn't have been included in the account listing on the other quarterly statements before then either. And I'm satisfied that this is clear about what accounts are and are not linked to the mortgage.

NatWest doesn't have detailed records of what happened in 2017. That's not surprising given the passage of time. And in any case this isn't something I can consider. Under the rules of the Financial Ombudsman Service, we can only look at complaints made within the time limits that apply. The rules say a complaint must be made within six years of the date of the event complained of, or – if this gives more time – within three years of when the complainant knew, or ought reasonably to have known, of cause for complaint. If a complaint is brought out of time, and the firm complained about doesn't consent to us considering it even though it's late (which NatWest doesn't), then we can only look at it if there are exceptional circumstances which explain why it wasn't made in time.

Applying that to this case – the old account was closed, the new account was set up, and the new account not linked to the mortgage in 2017. That's more than six years before Mr and Mrs S made this complaint. And I'm satisfied it's more than three years since they ought reasonably to have known of cause for complaint too. Mr and Mrs S only noticed the account wasn't linked in 2025, but there's no reason they couldn't have noticed before – they'd had quarterly statements for eight years since 2017 by then. As I haven't seen any exceptional circumstances that prevented Mr and Mrs S complaining before they did, I can't consider what did or didn't happen in 2017.

However, I can consider whether NatWest acted fairly by not offsetting the Premier Reward Black account, and reducing mortgage interest accordingly, for the six years leading up to when Mr and Mrs S complained and the account was linked in 2025.

I've set out above that NatWest wrote to Mr and Mrs S regularly, listing the accounts that were linked to the mortgage. Not only did that list not include the Premier Reward Black account, it also expressly said that no current account was linked to the mortgage.

As I say, I can't consider what happened in 2017 because that's too long ago. But there's no obligation on NatWest to pro-actively link accounts that aren't currently linked, or to remind Mr and Mrs S that they have unlinked accounts, during the life of the mortgage. A customer may choose to have some accounts linked and not others. NatWest made clear what accounts actually were linked regularly, and reminded Mr and Mrs S that they could ask to link other accounts at any time.

I'm not therefore persuaded that NatWest acted unfairly in the six years I can consider. Until 2025, it had no instructions from Mr and Mrs S to link the Premier Reward Black account. It regularly reminded them that that account was not linked. It had no way of knowing whether or not Mr and Mrs S had chosen not to, or merely omitted to, ask for that account to be linked.

And even if we were to find that NatWest had acted unfairly in not automatically linking the account – I make no such finding – I would still not be able to uphold this complaint. That's because Mr and Mrs S were, or ought reasonably to have been, aware that the account wasn't linked from the quarterly statements they received. So even if I were to find that NatWest had caused loss by failing to link the account, I would have to consider that Mr and

Mrs S had failed to mitigate those losses by not questioning that and asking for it to be linked despite being told every quarter that it was not.

I'm sorry to disappoint Mr and Mrs S. I've thought carefully about everything they've said, and I know they feel strongly about their complaint. But for all the reasons I've set out, I'm afraid it's not one I can fairly uphold.

My final decision

For the reasons I've given, my final decision is that I don't uphold this complaint.

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

Simon Pugh
Ombudsman