

The complaint

Mr K complains about how NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY dealt with his request to transfer a joint mortgage into his sole name.

What happened

Mr K and his partner took out a joint mortgage with NatWest in 2023. They also took out a help to buy (HTB) loan. HTB is a government scheme under which borrowers take out an equity loan to help them buy a property. The loan is lent by a government body and is a second charge secured against the property. No payments are required to begin with, and the borrower must start paying interest on the loan after the first five years.

On 4 December 2024 Mr K phoned NatWest. He said that he and his partner were separating, and he wanted to discuss transferring the mortgage into his sole name. If that wasn't possible, for example for affordability reasons, he wanted to know whether he could add a family member to the mortgage instead or add them as a guarantor.

NatWest said it could go through an affordability check with Mr K to give an indication of how much it could lend him. It then did that on the call and said the maximum it could lend was £232,200. This was over £20,000 less than the outstanding mortgage balance at the time. NatWest also said that it didn't offer guarantor mortgages, but it could look at whether the mortgage would be affordable if a family member were added as joint borrower.

On 15 January 2025 Mr K phoned NatWest again, and on the basis of the same figures NatWest gave him a decision in principle for the same amount as before, £232,200. An appointment with a mortgage adviser was then booked for the following day, and Mr K sent NatWest various documents electronically ahead of the appointment.

On 16 January 2025, before the scheduled appointment time, NatWest phoned Mr K. It said that having reviewed the documents he had sent it could only lend a maximum of £167,000. Mr K made a complaint. He wanted NatWest to honour the amount it had said it could lend on earlier calls, and cover the extra stamp duty he would have to pay to buy out his ex-partner, as he now expected not to be able to complete the transaction before stamp duty rates changed in April 2025.

NatWest said it had done nothing wrong in terms of its affordability assessments. It apologised for having led Mr K to expect it would review his complaint more quickly than it did, but it didn't offer to lend him what he wanted or pay compensation.

Mr K referred the complaint to the Financial Ombudsman Service. Our Investigator said that NatWest should have gathered more information from Mr K on the initial call in December, but had it done so that wouldn't have changed its decision about how much it might ultimately have been prepared to lend. He recommended that NatWest pay Mr K £350 to reflect the disappointment it had caused.

Mr K didn't accept the Investigator's conclusions. He wanted NatWest to cover the extra stamp duty he will have to pay, waive the early repayment charge (ERC) on the mortgage when it is redeemed, and pay compensation for distress and inconvenience.

NatWest accepted that it had failed to factor the HTB loan into its initial affordability assessment. It said it thought £350 was an excessive amount of compensation but it nevertheless accepted the Investigator's recommendation in order to resolve the 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.

Mr K wanted to buy out his ex-partner's interest in their property and take on the mortgage in his sole name. Under the rules of mortgage regulation, NatWest had to assess whether he would be able to afford the mortgage on his own, based on his circumstances as they were at the time of his request.

I've listened to the recordings provided of Mr K's calls with NatWest. NatWest was clear on the call on 4 December that a decision in principle was an indication of how much it might lend, but that its decision would be subject to a full application and assessment. It asked Mr K for his gross annual income, bonuses, and any other income. It asked him for details of his commitments and specifically for details of any loan payments other than the mortgage, credit cards, and other committed expenditure. It also asked whether there was any shared equity.

Mr K provided details of his income, including bonuses and a regular gifted amount. He also said that there was a 40% HTB loan, and that he had no loan or credit card commitments. On that basis NatWest gave him a decision in principle that it could lend up to £232,200. It reiterated that on a call on 15 January based on the same information.

On receipt of the documents Mr K sent NatWest on 15 January, however, NatWest identified from his payslips that he was paying a student loan and a postgraduate loan. It called him on 16 January to let him know that these outgoings would affect how much it could lend, as would the fact that payments to the HTB loan were due to start in 2028. It said it also couldn't include his bonus payment from his employer as part of his income because he hadn't received that regularly for long enough. All of this meant that the maximum it could lend was £167,000.

I'm satisfied that NatWest was entitled to make the decision it did following this affordability assessment. There were valid reasons why it wasn't prepared to lend as much as it had previously indicated. It explained those reasons to Mr K, and the £232,200 it had said it might lend in principle was not a mortgage offer – it was an indication only and was never guaranteed.

Mr K had however told NatWest about the HTB loan on the initial call in December 2024 and NatWest didn't take that into account in its initial affordability assessment as it should have done. This would have reduced the amount of the initial decision in principle it gave Mr K.

But even if it had factored in the HTB loan, it wouldn't have known about Mr K's loans when it carried out its initial assessment. I'm satisfied that on the 4 December call NatWest asked Mr K for details of his existing commitments other than the mortgage and for details of any loans specifically, and he said he had none. I wouldn't expect NatWest to have looked at the payslips Mr K had provided when he originally applied for the mortgage in 2022 to identify

that he had the two loans; NatWest asked him about his circumstances as they were at the time of his request in 2024 and that was reasonable.

In the circumstances, I don't consider that I can fairly require NatWest to compensate Mr K for the costs he says he incurred or will incur as a result of the decisions in principle it provided in December 2024 and January 2025. NatWest didn't renege on an offer of mortgage because it hadn't issued one, and it didn't confirm that it would lend Mr K a particular amount. A mortgage offer was always subject to a full application.

In any event, Mr K's situation was not straightforward – he needed to arrange a transfer of equity and obtain permission for the transfer from the lender of the HTB loan, as well as complete a transfer of the HTB loan from joint names to his sole name – so it's far from certain that he could have completed on a new mortgage before changes to stamp duty rates on 1 April 2025. And I don't find that NatWest caused delay for which it should compensate him. The amount it indicated it could lend on 4 December was always going to have to be reduced later because of the omission of Mr K's loans in its assessment, and I can't reasonably conclude that NatWest was responsible for that.

I do think that NatWest should have factored the HTB loan into its initial affordability assessment and it failed to do that. I think that Mr K suffered disappointment and upset as a result, and I consider that £350 is a fair and reasonable award of compensation in recognition of that. But I find no basis on which I can require NatWest to waive the ERC on the mortgage – that is a contractual entitlement and the amount should be related to the costs NatWest will incur if the mortgage is repaid early. It isn't intended to be a penalty, and I'm not persuaded that the existence of an ERC was a factor in NatWest's decisions about how much it might lend Mr K.

Mr K considers NatWest to have breached the Financial Conduct Authority's Principles, the rules of mortgage regulation, and relevant law. I can understand why he believes he has received a poor outcome, but I can't reasonably conclude that a good outcome would have been for NatWest to lend him as much as he wanted if the resulting mortgage payments had turned out to be unaffordable – as NatWest's assessment ultimately concluded they would be. The FCA's Principles, which include the Consumer Duty, don't mean that customers will always get what they consider to be a good outcome or that mistakes will never happen. And while it's not for me to decide matters of law, I haven't seen anything to show that NatWest broke or changed the terms of its contract with Mr K.

I've carefully considered everything Mr K has said and I realise this isn't the outcome he hoped for. But for the reasons I've explained I consider that £350 represents a fair award in all the circumstances of this complaint. I leave it to Mr K to decide whether or not he now wishes to accept that.

My final decision

My final decision is that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY should pay Mr K £350. I make no other order or award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 1 October 2025.

Janet Millington
Ombudsman