

The complaint

Mr and Mrs A complain that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY unfairly declined their application for further borrowing on their mortgage.

What happened

Mr and Mrs A banked with NatWest and hold a mortgage with it.

On 15 June 2022 NatWest gave Mr and Mrs A 60 days' notice of its intention to cease its banking relationship with them. The letter said:

"Your banking arrangements including your account(s) (listed in the Appendix) will be closed or facilities withdrawn in accordance with our terms and conditions on or after 15 August 2022. Where applicable (if detailed below) some accounts and/or facilities will be left in place in order to service products, but the accounts will not be available to you for day to day use from 15 August 2022"

In August 2024 Mr and Mrs A wanted to borrow further funds on their mortgage. On 7 August 2024 they spoke to a mortgage administrator who took some initial details before making an appointment with a mortgage advisor the next day. The mortgage advisor later said that the application couldn't proceed.

Unhappy about this, Mr and Mrs A complained. They say that by not accepting their application, NatWest has breached the terms of their mortgage that say they can apply for extra borrowing at any time, and they feel they've been discriminated against.

NatWest answered the complaint on 15 August 2024. It said its refusal to accept a further borrowing application from Mr and Mrs A was as a result of its decision to cease the banking relationship in 2022. NatWest has said that whilst it couldn't divulge the precise reason behind its decision not to lend to Mr and Mrs A, it was satisfied that it had acted lawfully and fairly.

Unhappy with NatWest's response, Mr and Mrs A brought their complaint to the Financial Ombudsman Service. An investigator looked into things and didn't uphold the complaint. Mr and Mrs A didn't accept the investigator's findings, and they asked for their case to be decided by an Ombudsman.

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.

It's not the role of our Service to say whether a business has acted unlawfully or not – that is a matter for the courts. Our role is to decide what's fair and reasonable in all the circumstances of a case. In order to decide that we need to take a number of things into account, including the relevant laws and what we consider to be good industry practice at the time.

Mr and Mrs A say that NatWest has discriminated against them in breach of the Equality Act 2010. However, they've not specified any particular basis which they consider it has. I've thought carefully about whether Mr and Mrs A have been discriminated against as a result of a protected characteristic that they may or may not have. For reasons I'll go on to explain I've not seen anything that leads me to believe this is the case.

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 with the informal nature of our Service.

Having done all that, I don't think this complaint should be upheld. I realise this will be disappointing for Mr and Mrs A. But I hope the reasons I have set out below will help them to understand why I have come to this conclusion.

Businesses can decide to no longer offer their customers banking facilities for a number of reasons, and they can do this with or without notice. This must be done in line with the account terms and conditions, and the business must treat customers fairly, and not discriminate against them.

On 15 June 2022 NatWest gave Mr and Mrs A 60 days' notice of its intention to close their bank accounts held with it. NatWest has relied on clause 13.2 of the current account terms and conditions to do so. Clause 13.2 gives examples of certain scenarios where NatWest may exercise its right to close Mr and Mrs A's accounts immediately or by giving 60 days' notice. The clause goes on to say:

"We will explain our reasons for closing your account unless there's a legal or security reason which means we can't provide an explanation. There will, however, be situations where it may not be appropriate or permissible for us to engage with you to explain our reasoning."

Mr and Mrs A don't complain about NatWest's decision to close their current accounts and end their banking facilities in 2022. They say that their complaint is solely about NatWest's lending decision in 2024 in isolation. While that may be the case it's important for me to consider the notice of account closure in 2022, as the two issues are inherently linked. In doing so, I've considered the evidence NatWest has provided in confidence to satisfy myself that it acted fairly here – which I think it has. In these circumstances NatWest is under no obligation to provide a reason behind its decision to cease the banking relationship to Mr and Mrs A – so I don't think it acted unfairly by not doing so.

Whilst Mr and Mrs A's mortgage offer says that they can apply for extra borrowing at any time, a lender is under no obligation to lend to a customer. It's entitled to have its own lending criteria and set its own risk appetite. There are no regulatory or contractual rights to guaranteed further borrowing. But the lender must treat the customer fairly and it must not discriminate.

In this case NatWest had made the decision to end its banking relationship with Mr and Mrs A in 2022. When this happens it's not unreasonable for the mortgage account to be closed to further borrowing. Mortgage debt is usually large – it's for this reason that in these circumstances a lender won't usually call in the debt immediately. Any outstanding balance will remain payable under the existing terms and it's not unreasonable for the lender to not allow future changes to the mortgage or further borrowing.

Afterall, it makes no logical sense in these circumstances for NatWest to wind up Mr and Mrs A's banking facilities but on the other hand allow other borrowing to increase. I also don't agree that there is any evidence that NatWest has discriminated against Mr and Mrs A. And I'm satisfied that NatWest has acted fairly in the circumstances of this case.

Mr and Mrs A say they should have at least been given the right to apply for further borrowing. But I don't see the point, given NatWest had already decided it was not to offer Mr and Mrs A any further banking or lending facilities. Entertaining an application just to later decline it would not benefit Mr and Mrs A. I appreciate when initially speaking to the mortgage administrator they did suggest that the application could proceed and so Mr and Mrs A suffered a loss of expectation, but I wouldn't necessarily expect information about the account closure to be readily available to all staff. I can see Mr and Mrs A were told the following day that their application couldn't proceed and soon after, from at least 15 August 2025 when NatWest answered their complaint, they were given the reason why.

It's for these reasons that I don't uphold this complaint. This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any correspondence about the merits of it.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Mrs A to accept or reject my decision before 17 November 2025.

Arazu Eid
Ombudsman