

## **The complaint**

Mr and Mrs G complain that, despite their efforts, NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY failed to manually recalculate the overpayments on their mortgage so they weren't overcharged, and to repay overcharged interest.

## **What happened**

Whilst this complaint is brought by both Mr and Mrs G, as the mortgage is in both their names, our dealings have been with Mr G. So I'll mainly refer to him in this decision.

Mr G told us that in late December 2024 he started to make overpayments on this mortgage. He said the account he was transferring from doesn't have a card, and transfers from it are subject to a daily cap. So these overpayments had to be made in a series of smaller payments, and were going to take some time.

Mr G was aware that the Early Repayment Allowance ("ERA" - the amount he can overpay on this mortgage, without being charged) was due to reset on 31 December 2024. Mr G understood the overpayments he was planning to make after this reset date would go over the ERA, so those overpayments would be subject to an Early Repayment Charge ("ERC"). But he wanted to make sure that the payments made before then weren't subject to an ERC. And he knew NatWest would take a little time to credit these payments to his mortgage.

Mr G has explained that he asked NatWest to make sure that payments were properly backdated and treated as having been received when NatWest first got them, not when it applied them to his mortgage. He was assured that, although it might take a few days for NatWest to apply these payments to his mortgage, the money would be treated as received on the dates NatWest first got the money, for the purposes of both the ERC and interest.

NatWest told him it had added the requested notes to his account to make sure a manual recalculation was done for the December payments, but Mr G said his payments then all showed as made in January, including the ones sent in December. So he'd been wrongly charged an ERC on those payments.

Mr G said things were made much more difficult for him because NatWest only shows the last six transactions when he looks up his mortgage online. So he was struggling to check that all the payments had been safely received, and properly processed.

Mr G said NatWest eventually accepted it had got things wrong. It agreed to do the manual recalculation required to properly work out the ERC he should have been charged. But when it did that, it still didn't refund all the interest Mr G had been overcharged. NatWest subsequently refunded around £6 more, but Mr G said he still wasn't confident NatWest had got this right, and this figure didn't tally with his calculations.

Mr G said NatWest's service had been very poor. And if he hadn't been closely monitoring his account and calling out the errors, he doubted they would ever have been corrected. He also said it was deeply disappointing that NatWest couldn't provide him promptly with accurate transaction details, reflecting the dates his overpayments were made, and simply

took too long just to respond to his enquiries. Mr G said he was worried about how many other customers were being wrongly charged interest and fees.

NatWest has sent Mr G three complaint response letters. The first one, dated 14 February, upheld his complaint about failing to manually recalculate the ERC on his overpayments, although NatWest had previously said it would do so. NatWest paid Mr G £250 for that. It didn't uphold his complaint about taking five days to receive a payment, and two or three days to send out a current statement, or about him being unable to see a current full statement through its digital platforms.

NatWest wrote again on 26 February, saying that it had made a mistake on the interest charged to Mr G's mortgage. It hadn't refunded the interest it had charged Mr G on the wrongly charged ERCs. So NatWest said it had refunded this.

NatWest's third letter, dated 14 March 2025, was an attempt to explain some of the underlying calculations on interest to Mr G, which he'd previously said were not at all transparent. NatWest said it had double-checked its previous calculations, and it was happy that its interest refund had been correct.

Our investigator explained that he wouldn't be auditing Mr G's mortgage, but just applying a fairness test. And having done that, he didn't think this complaint should be upheld. That's not because NatWest hadn't got anything wrong, clearly it had, but he thought that NatWest had now put things right, by making a number of recalculations on Mr G's mortgage and making a payment of compensation.

Mr G said he agreed NatWest had now set his mortgage right, but he said if he hadn't been so diligent in dealing with this, he'd have been overcharged. He said he was worried that this would happen again in future, and if other customers were less attentive, NatWest's mistakes would never come to light.

Because Mr G wanted an ombudsman to consider his complaint, this case was passed to me for a final decision. And I then reached my provisional decision on this case.

### **My provisional decision**

I issued a provisional decision on this complaint and explained why I did propose to uphold it. This is what I said then:

I understand that Mr G has accepted that NatWest has now, finally, put things right on his mortgage. But he's been very unhappy with the service he's received, and understandably so. Despite doing all he could to make sure that NatWest understood the transactions he had made, so it didn't wrongly charge him an ERC on his December mortgage overpayments, NatWest did that. And despite his efforts to then put this right, NatWest's first attempt at resolving this didn't allow for the interest he'd been charged on the wrongly charged ERC. So I understand why he's disappointed with the service received.

Mr G has been paid £250 by NatWest, for the poor service it offered. He's asked us to continue to look into things, because he says that if he hadn't done anything, he would have been overcharged. I think that's probably right, but I'm not able to compensate Mr G on the basis of something that didn't actually happen here. I can take account of the worry all of these mistakes will have caused him, and the time it took him to sort this out.

I'm conscious that part of Mr G's worry is that other customers, who perhaps may not look so closely, would have been overcharged. Unfortunately, making sure that NatWest

improves its service for others in the future lies outside of the remit of this service. We can look at everything that happened to Mr G, and make sure he's been compensated appropriately, to provide a fair and reasonable outcome to this complaint. But we can't tell NatWest here to improve its systems overall, to reduce or eliminate the risk of this happening again in future. That's just not our role. So I must confine myself to the issues raised in Mr G's case, and the effect of those issues on him.

Having considered those issues, the number of calls that Mr G made in an attempt to resolve the issues he'd experienced, and all of the letters NatWest has written to him, it's my view that NatWest should pay a little more compensation in this case. I think a further payment of £200 would more properly reflect the distress that these problems have caused to Mr G, as well as the time and effort he's spent sorting matters out, and the ongoing impact of a loss of confidence in his mortgage lender.

I've explained I'm not allowed, as Mr G would like, to look at a much wider impact here. So I think that proposed payment would provide a fair and reasonable outcome to the parts of this complaint that our service may consider.

I invited the parties to make any final points, if they wanted, before issuing my 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.

NatWest replied to my provisional decision, saying it had no further comments, and accepted my decision. Mr and Mrs G didn't reply.

Neither side has provided further evidence or argument in response to my provisional decision, and I haven't changed my mind. So I'll now make the decision I originally proposed.

### **My final decision**

My final decision is NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY must pay Mr and Mrs G a further £200, in addition to the payment of £250 which it has already made.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 27 October 2025.

Esther Absalom-Gough

**Ombudsman**