

The complaint

Ms R complains about poor service and a lack of advice and support from National Westminster Bank PLC regarding her buy to let mortgage after her local council said her property was to be demolished. She asks that NatWest refunds mortgage payments made since 2019.

A family member, who I'll refer to as Mr R, has helped Ms R with the complaint.

What happened

Ms R took out a buy to let mortgage with NatWest in 2009 on an interest only basis. In 2019 the local council said the property had to be demolished. The council made an offer to buy the property. Ms R didn't accept the offer which she said was below the market value of the property. The offer was less than the outstanding mortgage balance.

Ms R says she tried to contact NatWest for advice and guidance. She says she had difficulty getting through, was left on hold for long periods, calls weren't returned when promised and the people she spoke to were unable to advise her.

Ms R says NatWest told her to stop paying the mortgage, which would have damaged her credit file and caused problem with her work occupation. She said NatWest told her the council had no power to compulsorily purchase the property and didn't offer support or explain the consequences of accepting the offer from the council. Ms R says NatWest ought to have a specialist department that could have assisted her. Mr R says NatWest has a moral duty to alleviate the financial burden on Ms R.

NatWest said it didn't have any influence on the council. It said it answered Ms R's questions about what would happen if she accepted the offer from the council correctly. It said it wouldn't write off the shortfall. It said the shortfall debt would be passed to another agency to agree a repayment plan. NatWest offered £300 for poor service.

Our investigator said NatWest wasn't responsible for the council's decision that the property should be demolished, or the amount it offered to pay for it. He didn't think there was more that NatWest could have done to support or advise Ms R. He didn't think NatWest had fairly to refund the mortgage payments made by Ms R since 2019.

Our investigator said Ms R would have to raise any new complaints – such as whether NatWest delayed discharging its security – with NatWest before we can look into them.

Ms R didn't agree and asked that an ombudsman reconsider her 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.

NatWest wasn't responsible for (and could do nothing to change) the council's decision that the property should be demolished. While Ms R was unhappy about the amount the council

offered for the property, this was also something NatWest wasn't responsible for and could do nothing about.

Buy to let mortgages are not regulated. So the rules on mortgage regulation don't apply in the same way as for regulated residential mortgages. Letting property is a business, and NatWest is entitled to expect Ms R to manage the property and the mortgage accordingly. I appreciate this was a difficult situation. Ms R had to manage matters from overseas. But there's no requirement for NatWest to have a specialist department to provide advice to Ms R on her situation.

What NatWest did need to do was answer Ms R's questions about the mortgage correctly. In particular, what would happen if she accepted the council's offer, or the property was compulsorily purchased, for less than the outstanding mortgage balance. I think it did this.

Ms R says NatWest didn't record all of their discussions. I should explain that where evidence is incomplete or contradictory, I make my decision based on balance of probabilities – that is, what I think is most likely in the circumstances. I think there's sufficient evidence here to reach a fair decision.

I've briefly summarised the key events.

Ms R contacted NatWest in March 2019. She wanted to take out a new interest rate product. However she discovered the mortgage was in arrears. Ms R told NatWest the property was vacant and couldn't be tenanted as the council had condemned it and said it must be demolished.

In late 2019 NatWest considered taking possession action due to the arrears. It checked the position with the council. The council said it was asking owners to voluntarily sell properties (there was no compulsory purchase order or CPO in place).

In early 2020 Ms R told NatWest the amount offered by the council was less than the market value. Ms R asked NatWest to write off the shortfall, which it declined.

Ms R cleared the arrears. Ms R said her complaint isn't about the arrears and how they were dealt with, so I won't consider that further here.

Ms R contacted NatWest about the situation with the property on a number of occasions. For instance, in April 2021 she asked NatWest to help negotiate the sale of the property, as the amount offered by the council wasn't enough to repay the mortgage. Ms R called NatWest in March 2022 and January 2023 to ask about her options as the amount offered by the council would leave an outstanding mortgage balance.

I agree with Ms R that NatWest's notes are incomplete. The notes suggest Ms R was transferred to a different team during calls, and its response to her questions isn't always recorded in the notes. While I haven't seen evidence that NatWest told Ms R not to pay the mortgage, I can't say for certain that she wasn't told this. However, Ms R says the reason for the arrears in 2019 was because the agent didn't maintain payments after the property became empty. Ms R later cleared the arrears and maintained payments. If NatWest did tell Ms R to stop making payments, this didn't have any impact on the mortgage.

Mr R contacted NatWest in May 2024. NatWest said it couldn't advise on the situation. It asked Mr R to put his request in writing, following which it contacted the council about the property. The council said the property had been revalued at £10,000 (less than the council had previously offered Ms R). NatWest asked the council what compensation funds might be available in the event of a shortfall, but didn't get a response despite chasing the council. It

told Mr R and Ms R this.

NatWest received an email from Mr R in June 2024 saying his preferred option was to set up a payment plan for about the same amount Ms R was currently paying. NatWest emailed Ms R saying it still hadn't had a response from the council as to what compensation might be available. It said once it had this information it would contact her to discuss her options.

If Mr R was proposing a repayment plan for the shortfall (which is unclear), I don't think NatWest had fairly to agree this until it knew what the shortfall would be and had an opportunity to discuss Ms R's circumstances with her.

Later in 2024 NatWest received questions from Mr R via a branch. Its branch staff member said they'd passed the response to Mr R – essentially that NatWest couldn't do anything to help and the customer should consider taking legal advice.

NatWest received a notice from the council in December 2024 enclosing a copy of a demolition order sent to Ms R. In summary, the council said properties in the area (including Ms R's property) were not of a suitable standard. The demolition order required the owner to ensure the property was vacant and arrange for the property to be demolished. Failing which the council would arrange for the demolition and recover the costs from the owner.

Mr R contacted NatWest and raised a complaint on behalf of Ms R. NatWest said it didn't have any influence on the council. It said it answered Ms R's questions about what would happen if she accepted the council's offer correctly. It said it would have no option other than to discharge the security if a CPO went through. It said the mortgage shortfall will be passed to another agency to agree a repayment plan. NatWest offered £300 for lapses in service over the past year.

I think NatWest's response was reasonable and I don't think it needs to do more in response to the complaint.

Ms R says NatWest should refund mortgage payments since 2019. In her response to our investigator's view she said *"Had I been given a confirmation by NatWest in 2019 that they would allow the sale of the house and accept the Councils offer, I would have avoided paying over 6 years of Mortgage charges and Council tax."*

NatWest wasn't the owner of the property, so it couldn't accept the council's offer. It was for Ms R to decide whether to accept the offer, or seek to negotiate the offer with the council. If what Ms R means is that NatWest should have agreed to accept whatever the council offered for the property in settlement of the mortgage and write off the remaining balance, I can't fairly agree with that. There's no obligation on NatWest to write off the shortfall debt.

Ms R says she spent considerable time negotiating the offer with the council. Ultimately, it was Ms R's decision not to accept the council's offer at the outset and instead try to negotiate a better offer. If Ms R incurred mortgage interest and other costs during the time she spent negotiating with the council I can't fairly say that was due to an error by NatWest.

Based on the available evidence I don't think NatWest delayed Ms R reaching agreement with the council. The available evidence doesn't suggest Ms R wanted to accept the offer from the council and NatWest unfairly stood in the way of this – Ms R consistently told NatWest she considered the council's offer was too low. I haven't seen evidence that Ms R told NatWest before December 2024 she'd agreed a settlement with the council or wanted to accept the offer it had made. There's no requirement for NatWest to agree to write off any shortfall debt in advance of Ms R agreeing a settlement with the council. It told Ms R at the outset that it wouldn't write off the shortfall.

It follows that I don't think it's fair and reasonable to require NatWest to refund interest, mortgage payments or compensate Ms R for costs related to the property since 2019.

After the complaint came to us, Ms R said that NatWest delayed discharging its security after she'd agreed to sell the house to the council. She said this caused considerable stress and she incurred additional costs. Mr R sent copies of correspondence dated January 2025 between Ms R's solicitor and the council seeking to agree the terms on which she'd sell the property. So I think Ms R's concerns about problems with the security being released relate to events that happened after she raised her complaint in December 2024. Ms R will need to raise a new complaint with NatWest about this, and give it an opportunity to respond. What I'm looking into here, is the complaint Ms R raised with NatWest in December 2024.

I understand how upsetting this must be for Ms R. When she raised her complaint, she faced the prospect of losing her property and being left with a shortfall debt. But I don't think Ms R was in that position due to an error by NatWest. I can't see that there's anything NatWest could have done to increase the offer from the council, and there's no obligation for it to write off any shortfall.

NatWest accepts its service was poor at times and offered £300 compensation. Ms R told us she had difficulty getting through to NatWest when she called, and calls weren't always returned as promised. Ms R and Mr R say they raised queries and complaints without getting a response. While it might be right that NatWest didn't always respond, I think it did provide the key information that Ms R needed – that it wouldn't write off the shortfall or provide advice. I think a lot of Ms R's upset is due to the situation she was in – something that NatWest isn't responsible for. I think for the additional upset and frustration caused by NatWest's poor service, £300 is fair and reasonable in the circumstances.

My final decision

My decision is that National Westminster Bank Plc should pay £300 to Ms R, if it has not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 26 November 2025.

Ruth Stevenson
Ombudsman