

The complaint

Mr and Mrs L complain that NATIONAL WESTMISTER BANK PUBLIC LIMITED COMPANY gave them incorrect information about how much they could borrow.

What happened

Mr and Mrs L have a mortgage with NatWest. They wanted to borrow more money to extend their home. NatWest told them they could borrow up to 90% loan to value (LTV) of the future value of the property once the property was extended. They said they were told there were no issues around affordability or their credit rating and they were led to believe that getting the funds they needed was a “formality”.

Relying on that information, Mr and Mrs L started their planned building work. But when they later told NatWest they wanted to borrow the funds as discussed, NatWest said they could only borrow 90% LTV of the current value of the property. And when the property was valued, the valuation figure was lower than it would have been because building work was underway.

Mr and Mrs L complain that NatWest gave them incorrect information. They said if they’d been given the correct information in the first place they’d have looked at other ways of raising the funds before they started or taken steps to reduce the scope or cost of the work in view of the reduced amount they could borrow. At least, they said they would have had the property valued before the work commenced.

The investigator thought that NatWest should pay Mr and Mrs L £250 to recognise the impact on Mr and Mrs L.

NatWest accepted what the investigator said. Mr and Mrs L did not. They said they specifically asked NatWest if they needed to do anything else and NatWest told them “no”, they only needed to go back when they needed the funds. If they’d been given the correct information they would have followed the correct process.

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 isn’t in dispute that NatWest incorrectly told Mr and Mrs L that the amount it could lend was based on the value of their property once the intended work had been completed. The correct position is that it would only lend based on the current value of the property.

At the same time, NatWest said it carried out an assessment of Mr and Mrs L’s income and expenditure. It is accepted that this indicated that NatWest was prepared to lend Mr and Mrs L the amount they wanted *in principle* – so subject to a full application being made. Mr and Mrs L said they were told there were no issues around their credit file or affordability. That might be correct. But I consider it less likely that NatWest led them to believe that the decision to lend to them was a formality. In my experience, it would be unusual for a lender

to go that far.

Looking at what Mr and Mrs L have said, I do not consider that it would be fair or reasonable for me to interpret what NatWest told them as a firm decision to lend them what they wanted. They had received no formal mortgage offer or any indication that the decision by NatWest was formal or binding – and they accept they knew that further steps were required for the lending to be go ahead.

In those circumstances, I do not see how I could fairly say that NatWest was responsible for Mr and Mrs L's decision to proceed with their intended building work to the extent they did. They had not received any formal mortgage offer.

In saying that, NatWest has given Mr and Mrs L incorrect information. I accept that will contributed to the distress and inconvenience they have suffered. But as I have found NatWest was not solely or primarily responsible for their decision to commence work when they did, I could not fairly require NatWest to compensate them for the full impact of this matter on them. That is not to downplay the impact of this matter on them and their family. I accept that NatWest should have taken a great deal more care to give them accurate information. But in all the circumstances I consider that £250 is a fair amount to reflect the distress and inconvenience caused by NatWest's error.

My final decision

My final decision is that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY should pay Mr and Mrs L £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mrs L to accept or reject my decision before 2 December 2025.

Ken Rose
Ombudsman