

The complaint

This complaint is about a mortgage Mr and Mrs P hold with National Westminster Bank Plc (NatWest). They have what is known as an offset mortgage; that is, one where money held in a linked savings account is offset against the mortgage balance for the purposes of calculating interest due on the debt. In Mr and Mrs P's case, they have more savings than they owe on the mortgage, which means they can achieve full offset. Resulting in no interest being charged on the mortgage at all

In essence, the complaint is about Mr and Mrs P's efforts to open a savings account that could be linked to the mortgage account for offsetting purposes, rather than hold it in a current account, which they considered more vulnerable to fraud. They've been trying to do this since 2021 but say NatWest has frustrated them at every point.

What happened

By way of a provisional decision dated 28 October 2025, I set out my provisional conclusions on this complaint. The following is an extract from the provisional decision.

"The above summary is in my own words. The basic background to this complaint is well known to both parties so I won't repeat all the details here. Instead I'll focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

What I've provisionally decided – and why

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we work within the rules of the ombudsman service and the remit those rules give us. We don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Despite what appears at first view to be a highly complex case, it's actually not a complaint where I have to decide fault. That was admitted by NatWest over a year ago, after our investigator issued an informal view upholding the complaint, and recommending NatWest pay redress for the loss Mr and Mrs P suffered by not being able to open an offset savings account, and pay £300 to compensate them for their time, trouble and upset.

Both parties accepted the investigator's recommendation, and the broad principles for resolving the complaint. The compensation of £300 was paid, as was a further £750 offered later after NatWest realised a workaround it had suggested for creating the offset savings account wasn't feasible after all. But the sticking point, for over a year now, has been calculating the redress for the loss.

Both parties have presented their own calculations, updated from time to time, but they're for very different sums, and the gap between them is wide. Both parties have provided their methodologies, but neither is inclined to accept the other's. In short, whilst there is broad agreement on the *principle* of how redress should be made, the parties are as far apart as ever on the *detail*, and positions are entrenched.

Our general approach in cases such as Mr and Mrs P's is that the parties are being invited to accept the *principle* of the settlement we're awarding, rather than the quantum. The quantum then flows from the resulting calculation.

Sometimes, of course, there will be a dispute about a calculation a business has carried out. The Financial Ombudsman Service has no accounting function, and it's not in our remit to audit the calculations that businesses (or, as in this case, consumers) carry out in order to give effect to awards we have made. If we're reasonably satisfied that the business has followed a methodology that we'd expect it to, then unless there are obvious errors or inconsistencies, we'll typically endorse the calculation.

If a consumer remains unhappy, we'll typically say that they have the option of commissioning an audit of the calculation by a suitably-qualified party (for example, a chartered accountant or business providing actuarial services) of their choosing. This would usually be at their own cost but if the result of the audit revealed errors to the consumer's detriment, then we'd expect the business not just to remedy the errors but cover the cost of the audit too.

What I'm proposing should happen here is a variation of that approach. That's because, however much I assess and analyse the various redress calculations that both parties have produced in this case, I cannot safely or comfortably endorse any of them as being the one that should fairly prevail over all the others.

Given the chasm between Mr and Mrs P and NatWest over the quantum of the redress, and the methodology for reaching it, quantum will have to be determined via an independent calculation by a suitably-qualified third party. In my view, that is the only fair way for this case to be settled once and for all.

In all the circumstances, I consider that Mr and Mrs P should choose the third party to carry out the independent calculation, the party should be jointly instructed, and that NatWest should cover the cost of it. As far as the methodology of the independent calculation is concerned, that should largely be for the appointed third party to decide. The only pre-condition I make is that the calculation should run from 1 November 2021 up to the eventual date of settlement, and take into account that Mr and Mrs P have been fully offsetting the mortgage by way of their current account since 8 November 2023.

In order to facilitate the independent calculation, NatWest will need to make available to the third party statements for the mortgage account, current account and all other savings accounts that Mr and Mrs P have held with it during the relevant period. It should also comply fully and swiftly with any other requests for information the third party asks for, if applicable.

I appreciate that what I'm intending to do is not an ideal outcome. It doesn't provide the closure that we aim to bring to the complaints we're presented with. But for the reasons set out, I believe it is the only way out of the impasse that current exists. To be clear, if the parties agree to what I'm proposing, the complaint will not remain open with this service whilst the independent calculation is carried out. As I indicated earlier, the parties will be agreeing to the principle of the settlement and if they do, our involvement in the dispute will be concluded."

The parties were given two weeks to comment on the provisional decision. Both have done so. We heard from Mr P first, who was minded to accept my proposed resolution, subject to certain clarifications on what parameters I would require the independent body to follow, which I was happy to provide.

We then heard from NatWest, disagreeing with my proposal. It expressed the view that a settlement such as the one I had proposed ran contrary to the service's statutory aims. It also explained that the essential difference between its calculations and that of Mr P was his double-counting of a significant sum already refunded. With that taken out of the equation, NatWest reasoned that all that remained to be paid to Mr and Mrs P was a residual sum of around £6,000, which it was agreeable to credit to the mortgage account.

Our Investigator let Mr and Mrs P know what NatWest had said. He also confirmed to them that I found NatWest's explanation persuasive and was now minded, subject to any concluding comments from them, to issue a final decision on the terms NatWest was proposing. We've now heard from Mr P. Whilst still very frustrated at how NatWest has conducted the matter, he now accepts he made the double-counting error and is willing to consider the dispute as settled on the credit to the mortgage account of the residual sum.

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.

I've considered afresh everything that both parties have said and provided. Having done so, and with all parties now in agreement thereon, I find that the case should be settled by way of NatWest's methodology, albeit with the final calculation of the residual sum re-run to the eventual date of settlement. NatWest has said it will be "around £6,000". Mr P mentioned a more precise figure in his email of 28 November 2025; that was a little over £6,200. The exact amount to be credited to the mortgage account won't be known until that final calculation is run.

Other than to say I expect the final figure for the residual sum to be broadly consistent with the rounded figures referenced above, it's not my role to pre-judge or otherwise validate the final figure. If Mr and Mrs P had any misgivings about the amount they receive after settlement has taken place, they'd have the option of commissioning their own audit, at their own expense. In the event they did that, and the audit revealed errors to their detriment, then they could then start a new complaint to claim redress for that detriment and the cost of the audit that revealed it.

I said at the outset that I wouldn't be commenting on every single point, and I haven't. I have, as I said I would, confined myself to those matters that I consider have a material effect on the outcome. I have noted throughout how strongly Mr and Mrs P have felt about what has happened. That's a natural, subjective reaction, and entirely understandable in the circumstances. Be that as it may, I have to take a different approach. I'm impartial and I have to look at things objectively.

I will make a final observation. There's more (and sometimes less) to complaint resolution than simply winning the argument or indeed pursuing the argument to its ultimate conclusion. Sometimes it's about compromising to reach a fair conclusion which both parties can accept in a spirit of conciliation. In my view, that is what has happened here.

My final decision

My final decision is that I uphold this complaint in part. In full and final settlement, I direct National Westminster Bank Plc to credit Mr and Mrs P's mortgage account with the residual sum still owing, using the same methodology it has used previously to identify the residual sum, but recalculated up to the eventual date of settlement.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs P to accept or reject my decision before 5 January 2026.

Jeff Parrington

Ombudsman