

The complaint

Mr and Mrs R's complaint is that National Westminster Bank Public Limited Company (NatWest) will no longer allow them to make overpayments to their mortgage by bank transfer or by phone.

Mr and Mrs R say that they took out this mortgage specifically because they could make overpayments in this way, and that NatWest by removing this facility, they have been disadvantaged. This is because overpayments made through NatWest's app requires them to use a debit card, which they have to arrange to unlock. In addition, any overpayment will reduce the monthly mortgage payment, not the mortgage term. Because of this change to the method of overpayment, Mr and Mrs R believe their mortgage was mis-sold.

To put matters right, Mr and Mrs R want NatWest to waive the early repayment charge (ERC) that applies to their mortgage, so they can move to a new lender.

What happened

I don't need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr and Mrs R being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision.

In December 2024, after taking advice from their own independent financial adviser (IFA), Mr and Mrs R took out a mortgage with NatWest, borrowing £220,995 (including fees) on an interest-only basis over a term of 28 years. The first five years of the mortgage is at a fixed rate of 3.82% until 31 December 2029. If the mortgage is redeemed before that date an ERC is payable.

The mortgage terms and conditions allow for overpayments, up to 20% per annum without incurring an ERC. Regular overpayments can be made on a monthly basis.

Mr and Mrs R say that it was a specific preference for them that they could make overpayments over the phone, and NatWest confirmed this was acceptable before they took out the mortgage. However, in May 2025 Mr and Mrs R found that they couldn't make a payment in this way, because NatWest had withdrawn this option. NatWest will now only allow overpayments to be made through its app or online portal. Mr and Mrs R say that this is not acceptable to them.

In addition, Mr and Mrs R say that, in order to make a payment through the app or portal, they are required to have a NatWest current account, and that they must unlock their debit card each time they want to make a payment. Mr and Mrs R also say that overpayments will no longer reduce the mortgage term, only the monthly payment, which is not what they want.

Mr and Mrs R complained to NatWest, saying the mortgage had been mis-sold and that they wanted the ERC to be waived so they could move to a new lender. NatWest didn't uphold the complaint so Mr and Mrs R brought it to our service.

An Investigator looked at what had happened, but didn't think the complaint should be upheld. She explained that NatWest is entitled to change the way in which it operates its business. Mr and Mrs R disagreed and asked for an Ombudsman to review the complaint. They say that the change NatWest has made has disadvantaged them and is in breach of the bank's duty to treat them fairly.

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.

Having done so, I've reached the same conclusion as the Investigator, and these are my reasons for not upholding the complaint.

NatWest's business operations: As the Investigator explained, the way NatWest runs its business is a matter for its own operational and commercial judgement. I don't have any power to tell NatWest how it should operate. If the bank is in breach of any regulatory obligations in relation to its commercial operations, that's a matter for the regulator, the Financial Conduct Authority.

Given this, whilst I appreciate Mr and Mrs R are disappointed that they can no longer make overpayments over the phone, only through the mortgage app or online portal, I'm satisfied NatWest is entitled to make this change in its day-to-day operations. There is nothing in the mortgage terms and conditions that require NatWest to take payments over the phone.

In the circumstances, I'm not persuaded that NatWest's change in its business model has resulted in unfairness or detriment to Mr and Mrs R.

I don't uphold this part of the complaint.

Banking app/online portal: Mr and Mrs R say that they are only able to make overpayments to the portal if they have a NatWest current account, which requires them to have to unlock their debit card each time they want to make a payment.

I think Mr and Mrs R may have misunderstood the position. There is no requirement to have a NatWest current account in order to make an overpayment. In fact, on the website screen to download the app it says: "Only have a mortgage with NatWest? No stress. Whenever we ask for an account number, simply use your mortgage account number."

If NatWest's requirement was that customers could only make overpayments using a NatWest current account or debit card, it would have to make this clear on its website or in the information contained in the app or portal. The screenshots I have seen from NatWest show no such obligation on customers to have a NatWest current account in order to make overpayments.

The bank doesn't require customers to have a NatWest current account in order to pay their mortgage by direct debit, so it would defy logic if the bank was to insist that customers can only make overpayments using a NatWest current account or debit card.

I don't uphold this part of the complaint.

Overpayments: The mortgage app and online portal allow customers making overpayments to opt to have these applied in one of two ways – the overpayment can either reduce the mortgage term or reduce the monthly overpayment. I'm therefore not persuaded that NatWest will only apply overpayments towards reducing the monthly repayment.

I don't uphold this part of the complaint.

ERC: The ERC is a contractual term which Mr and Mrs R agreed to when they took out the mortgage. Because I'm satisfied NatWest has done nothing wrong, I can see no basis on which it would be fair or reasonable for NatWest to waive the ERC.

Mr and Mrs R are, of course, free to move their mortgage to another lender, should they wish to do so, but this would be subject to them paying the ERC. If, as Mr and Mrs R say, it is their desire to make overpayments by phone, they should speak to their broker about lenders that might offer this. However, absent any contractual terms, any new lender which offers that facility currently would be entitled to change its operational model in future, as NatWest has done here.

I don't uphold this part of the complaint.

Mis-sale of mortgage: The mortgage wasn't sold by NatWest. It was sold by Mr and Mrs R's own IFA. Therefore if Mr and Mrs R believe the mortgage was mis-sold, they will need to raise this with their IFA. In making that observation, I imply no criticism of the IFA and none should be inferred.

My final decision

My final decision is 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 discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs R to accept or reject my decision before 13 April 2026.

Jan O'Leary
Ombudsman