

## **The complaint**

Miss F complains about how NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY managed her mortgage. She said it wouldn't give her a new fixed interest rate deal on her existing mortgage term or allow her to extend the term, forcing her to pay more.

## **What happened**

Miss F said she was very unhappy with how NatWest had managed her mortgage. She told us the original mortgage deal, taken out in 2008, was unsuitable for her, but NatWest refused to change it. She said she'd changed her mortgage to interest only, then wanted to change it back but wasn't allowed to. She told us she'd complained to our service in 2015, and we'd said NatWest must engage with her to allow her to make changes to her mortgage, but it still hadn't done that.

Miss F said she'd been trying to get NatWest to make changes to her mortgage, moving her back onto a repayment mortgage, ever since then, but it hadn't done so.

NatWest said that since Miss F's complaint to our service in 2015, its records didn't show repeated efforts by Miss F to get in touch and make changes to her mortgage. It said it had tried to contact her following the decision in 2015, to see if she wanted to take up the offer in that decision, but Miss F hadn't responded. It had spoken to her in 2017, but after an appointment didn't go ahead Miss F didn't wish to rebook then.

Our service has explained to Miss F that we're not able to look into things which happened before 23 June 2019, as part of this complaint, and both sides have accepted this conclusion. I don't propose to reopen that here.

Turning to more recent events, Miss F said that her fixed interest rate mortgage deal with NatWest was due to end in June 2025. She had just over two years left to run on her mortgage, so she wanted to fix a new rate, and avoid the higher Standard Variable Rate ("SVR"). But she said NatWest refused to do this. It said she only had 27 months left on her mortgage, and she needed more than this to secure a new mortgage deal.

Miss F said she tried to extend her mortgage, but the advisor appointment she had booked was cancelled the day before it was due to happen. She was told she was ineligible to extend the term.

When NatWest wrote to Miss F on 22 August 2025, it said her mortgage had moved onto the SVR on 1 July 2025. She would need to have at least 27 months remaining on her mortgage to take up a two-year mortgage deal, and Miss F didn't have enough time left on her mortgage for the new rate to be applied. NatWest said she had no Early Repayment Charge on her mortgage now, and was free to move to another mortgage lender if she would prefer. Or this letter told Miss F that NatWest could consider extending her mortgage term for her.

Miss F replied to this letter, saying she wanted NatWest to look properly at the recent problems with renewing her fixed interest rate deal. She said NatWest wouldn't let her apply a new interest rate to her existing mortgage for the remaining term. Its recent letter had

suggested she could extend her mortgage term, but by the time this letter was sent, Miss F had already tried and failed to do so. She had booked an appointment with a NatWest advisor to discuss that. And this appointment had been cancelled, without any explanation, the evening before it was due to be held.

NatWest then wrote again on 23 September 2025. It said it wouldn't consider extending Miss F's mortgage after all. It felt it couldn't extend a mortgage in Miss F's circumstances. She had an interest – only mortgage, and she had no repayment vehicle for that mortgage. NatWest said that's why it had cancelled the appointment with a mortgage advisor.

Miss F remained deeply unhappy with how her mortgage was being managed, and asked our service to look into things.

Our investigator didn't think this complaint should be upheld. He said Miss F's mortgage didn't have enough time left to run for NatWest to apply a new interest rate deal. He didn't think it was wrong for NatWest to cancel an appointment when it realised Miss F couldn't extend the term of her mortgage. He said that avoided wasting Miss F's time.

Our investigator said Miss F wasn't tied in to her mortgage with NatWest, so she was free to remortgage elsewhere. Overall, he didn't think NatWest had been unfair or unreasonable in applying its policies.

Miss F said NatWest should have allowed her to apply a new interest rate, not doing so was deeply unfair. And she pointed out that cancelling an appointment at the last minute was very poor service.

NatWest then made an offer to settle this case. It said it would allow Miss F to take out a new interest rate deal, at what were then the current rates. It said these were a little better than when Miss F had applied for a new rate, in June 2025. It would allow her to choose one of these rates, backdate it to the end of her previous fixed rate, and allow the rate to run until her mortgage ended.

Miss F said she didn't want to accept NatWest's offer, and she felt that NatWest was again not keeping up with developments, because by the time this offer reached her, she had remortgaged elsewhere.

Miss F said she now had a lower interest rate, a five-year fixed interest rate product, and a sustainable 20-year repayment term, although NatWest had refused to give her any of these things. Miss F said redeeming her mortgage had cost approximately £2,000. She felt we should tell NatWest to pay her compensation for the financial loss, time, and distress caused by its prolonged refusal to act reasonably. But our investigator didn't think NatWest had to do that. So no agreement was reached.

Miss F has since stressed that by cancelling her appointment to discuss a term extension, NatWest deprived her of the chance to discuss potential solutions to her problem with an advisor. And she said the fact NatWest had now managed to make this offer, meant that it would always have been able to resolve things for her. She felt it had chosen not to do so until after she'd been forced to move her mortgage elsewhere.

In the absence of any agreement, this case was passed to me for a final decision. I then considered this case, and I reached a provisional decision.

### **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:

Miss F says that she's made repeated efforts to get NatWest to turn her mortgage from interest-only into a repayment mortgage. But I have also looked at the contact notes recorded on her mortgage. Those show that she did, as she said, try to speak to NatWest about this in 2017. I've explained separately why our service isn't allowed to consider that and both sides have agreed with this approach.

During the time period I am allowed to consider here, from 23 June 2019 onwards, I cannot see that Miss F had contacted NatWest asking it to change her mortgage type, and NatWest had refused to help. So I don't think that part of Miss F's complaint should be upheld.

Miss F's complaint focussed particularly on what happened in June 2025, when she asked NatWest to apply a new interest rate to her mortgage. She had only 27 months left to run on that mortgage, and NatWest has told us that all the products it had available at the time, would end on the same date as Miss F's mortgage ended. It has shown us that its internal policies require new interest rate deals to end before the end of the mortgage term. So it said it couldn't add a new rate while the term stayed the same.

I can see that NatWest's letter told Miss F it could consider extending the mortgage term for her, not realising she had already made an appointment to discuss this, and NatWest had in fact cancelled that appointment, at very short notice. When Miss F pointed this out, NatWest told her it had done this because it couldn't allow an extension in her circumstances.

NatWest has also told us its internal rules have since changed, so it is possible that NatWest could subsequently have allowed an extension to Miss F's mortgage. This happened before our investigator reached a view on this case, but NatWest doesn't appear to have contacted Miss F to discuss this, or to have mentioned this change to our service at the time.

I do think it is clear that there are instances of poor service in this case. I think it should be upheld in part.

Before this case came to me, NatWest made an offer which would have allowed Miss F to select a new interest rate for her mortgage, and backdated this to when her previous rate ended. I understand that Miss F feels this offer wasn't made in good faith, because by the time it reached her, she'd remortgaged elsewhere. However, I think that's just unfortunate. The offer was made to our service before Miss F redeemed her NatWest mortgage. Our service sought clarification before sharing it with her, and in this intervening time, Miss F secured other lending elsewhere. But that does mean Miss F hasn't accepted NatWest's offer, because she has moved her mortgage elsewhere.

Miss F said moving her mortgage had cost around £2,000. Although I understand remortgaging can be expensive, Miss F has also told us that her new mortgage is on a very different basis, and this appears to have put her in a significantly better position. She has told us she is paying less each month, her interest rate is fixed for the next five years, and most importantly she now has a repayment mortgage. Miss F previously faced selling her home in the next couple of years, to clear her NatWest mortgage at the end of its term. But now she is repaying the underlying debt, and will presumably no longer need to sell.

Because these things do appear to have put Miss F in a much better position than she was before, I don't think NatWest has to pay the costs Miss F incurred in moving her mortgage elsewhere. But I do think there are instances of poor service here, which should be recognised and resolved. I also think that, although NatWest has only followed its own policies here, and those policies may not in themselves be unfair, the particular and unusual combination of circumstances in this case has produced a harsh outcome for Miss F, which may not have been fair.

In these circumstances, I will ask NatWest to action what is, in essence, the offer it made to Miss F through our service. It said it could apply the rates which were on offer in December 2025. Those included a two year fixed rate and a two year tracker rate without fees, and a two year fixed and a two year tracker rate with fees. It gave Miss F the choice of between these rates, and it offered to backdate the rate Miss F chose, so her mortgage moved onto this rate in July 2025, not onto the SVR.

If Miss F had taken a mortgage interest rate deal with fees, as part of NatWest's offer, she would obviously have needed to pay that fee. I don't think it would be fair to ask her to do so now. And if she had taken a fixed interest rate then, I would anticipate she would have had to pay an Early Repayment Charge when she moved her mortgage. Again, I don't think it would be fair to ask her to pay that now.

So I think a fair outcome in this case is to ask NatWest to honour the offer it made, and to apply the 2 year tracker rate which it offered, which was 4.88% at that time (being 0.88% above base rate). I will ask it to apply that rate from 1 July 2025, when Miss F went onto NatWest's SVR, tracking the appropriate base rate until she remortgaged. That will put Miss F in the position as if she had agreed a tracker rate in summer 2025, then remortgaged elsewhere, keeping the more advantageous mortgage she currently has. I anticipate that change will produce a refund for Miss F, which she can put towards the costs of that remortgage.

I think that provides a fair and reasonable outcome in this case. I don't think NatWest also has to pay compensation, or any additional interest on that refund.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Only Miss F replied.

### **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.

Miss F wanted to stress that she hadn't chosen to remortgage. She had tried to stay with NatWest, but was offered no viable alternative at the time. She reminded me of the difficulties she had with NatWest, when trying to explore other options, and said she felt she had no choice but to remortgage elsewhere.

Miss F noted NatWest's change of policy on loan to value, and said she thought this would have helped her. But she said there was no mention of this, and no offer from NatWest until her complaint was brought to our service. She said that offer could no longer put her back in the position she would have been in had NatWest acted appropriately at the time.

Miss F recognised she was in a much better position now, but she said that was done through her efforts and at her cost. She said the costs she incurred in resolving things were avoidable. She wanted to accept the proposed redress, but she said she didn't think that

fully reflected the impact of what had happened. So she wanted me to consider telling NatWest to cover the financial costs she incurred as a direct result of having to remortgage.

I understand Miss F has found it to be a stressful and unpleasant experience, dealing with NatWest, and I appreciate how frustrating it would be to receive an offer after she'd already incurred the costs of remortgaging. I also accept that Miss F would not have chosen to incur those costs, if she hadn't faced these problems with NatWest.

I should like to reassure Miss F that the issues she raises now were all matters I had weighed carefully before I reached my provisional decision. Perhaps it may help if I set out the basis on which I have to reach a decision in this case. The relevant rules provide that I must determine this complaint "...by reference to what is, in [my] opinion, fair and reasonable in all the circumstances of the case."

So, although I understand why Miss F would say that NatWest shouldn't be given any credit for the fact that she is better off now, that is one of the circumstances of this case, and I cannot ignore that Miss F's decision to remortgage away from NatWest means she is now in a very significantly improved position. In the light of that, I don't think I can fairly and reasonably ask NatWest to bear the costs that Miss F incurred as part of improving her position in this way.

For those reasons, I haven't changed my mind. So I'll now make the decision I originally proposed.

### **My final decision**

My final decision is that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY must rework Miss F's mortgage, so that the two-year tracker without fee rate (then 4.88%, based on 0.88% above base rate) which it offered her in December 2025, was applied to her mortgage from 1 July 2025, until this mortgage was redeemed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 6 May 2026.

Esther Absalom-Gough

**Ombudsman**