

## **complaint**

Mr H complains that National Westminster Bank Plc:

- mis-sold him a charge card
- unreasonably declined his mortgage application

## **background**

Mr H has used the NatWest charge card since taking it in the 1980s, with the balance being repaid in full each month from his current account. He says that in 2015 it became necessary for him to take a mortgage loan on his property, and he then discovered he did not have any credit history.

Mr H found that his NatWest card was not reported to credit reference agencies, because it was a charge card – not a credit card. Mr H says that this was not made clear to him at the time he was sold it and that NatWest did not ever tell him that his card use would not be reported to credit reference agencies.

Mr H says that, as a consequence of not having any reported credit history, he has only been offered a commercial mortgage at a much higher rate than he could otherwise have got. He applied to NatWest for a buy-to-let mortgage but says his application was administered badly and then declined for lack of credit history.

NatWest did not accept that it had mis-sold the charge card, and so did not uphold Mr H's complaint about that.

It said that the mortgage application did not succeed because it did not meet its current lending criteria, not because of Mr H's credit file. But it agreed that there had been some service failures in the way it had dealt with the application and gave Mr H £500 compensation.

As things were not settled, Mr H brought his complaints to this service. One of our adjudicators looked into the complaints and noted that they had been dealt with by NatWest as separate issues, and that Mr H had received separate final response letters.

The final response letter for the charge card complaint gave referral rights to the ombudsman service and also explained that there was a six-month time limit within which Mr H had to bring his complaint.

Mr H did not bring the complaint until ten months after that, which meant that the ombudsman service was not able to deal with that matter unless either NatWest consented or we were satisfied that there were exceptional circumstances that had prevented Mr H from bringing the complaint in time.

NatWest did not consent, and the adjudicator was not persuaded that there had been exceptional circumstances. So the adjudicator found that the complaint about the charge card could not proceed further.

The adjudicator considered the complaint about the mortgage application – which had been brought in time. From the evidence, the adjudicator concluded that NatWest's decision not to offer a buy-to-let mortgage loan was based on legitimate commercial judgement. In particular, NatWest's income criteria were not met since part of Mr H's income was from overseas.

It was not in dispute that NatWest could have handled the mortgage application better than it did, but the adjudicator felt that the £500 already paid by NatWest was a fair settlement. Because of that, the adjudicator did not recommend that NatWest should do more.

Mr H did not agree and said, in summary:

- He is a company director and certified professional, and has taken considerable time to put his case in detail. He does not feel that his complaint has been considered properly.
- Although he did not bring his complaint within six months of the first offer NatWest made, it later made another one and he complained in time after that. So it is wrong to say that his complaint about the charge card is time barred and he made that clear from the start.
- There was really only ever one complaint, which was about the charge card, and so the fact that there was more than one offer from NatWest should not work against him.
- The problem is that he was sold a charge card in the 1980s without NatWest making it clear to him, either then or any year after that, that this was not a credit card and so would not count towards a credit history. The problems getting a mortgage all stem from that.
- That has massively compromised his ability to get credit and he has also paid fees for the card of some £2,500 over the years. The way the card is shown in statements and online is very ambiguous and does not make clear that it is a charge card and not a credit card.
- The NatWest mortgage team did not liaise with other areas of the bank and simply rejected his mortgage application on the grounds of no credit history. But that was wrong, because he did have a credit history with NatWest through the charge card on his current account. He has been an excellent customer for 25 years and, if NatWest will not lend, then nobody else will.
- His private banking manager assured him, prior to the application, that his income would be more than adequate. He wanted to borrow £250,000 against an unencumbered property worth over a million pounds, which was being let at a good rental. He has other assets in the UK worth several millions, as well as some investment income in the UK. The only problem was his lack of credit history – and that is NatWest's fault, though it will not admit it.
- He would like NatWest to be questioned further about the provision of the charge card, how it made him aware that it was not a credit card and how it ensured he was aware of the implications for his credit history. He would also like NatWest to be questioned further about its decision not to give him the mortgage loan.

- Someone is culpable for this, and the same situation must affect many other consumers. The ombudsman service exists to deal with such cases and must serve the public interest.

## **my findings**

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

The ombudsman service was set up as a free and informal dispute resolution service, which consumers may use as an alternative to the civil courts. I may deal with individual complaints that are brought to me and that fall within the rules of the service, but I have no power to initiate investigations in the public interest.

### *the complaint about the charge card*

I shall first set out my findings on whether or not Mr H's complaint about the charge card is one that I may determine.

On 26 January 2015 NatWest wrote to Mr H about his complaint about the charge card, but did not uphold it. That letter gave Mr H referral rights to take the matter to the ombudsman and told him about the six-month time limit that operated.

On 3 March 2015 NatWest wrote to Mr H about his query about getting his bank account reported for credit reference purposes. It paid him £100 for trouble and upset caused to him in getting an answer to his query.

On 15 May 2015 NatWest wrote to Mr H about his complaint concerning the poor level of service received during his mortgage application. That letter provided details of what had happened during the mortgage application, and accepted that there had been service failures. In recognition of this, NatWest paid Mr H £500. The letter included referral rights to the ombudsman about that complaint, including the time limit. It also noted that Mr H's complaint about the reporting of the charge card had already been dealt with separately.

Mr H complained to us about both matters in November 2015. That was outside the time limit for the complaint about the charge card, but within the time limit for the complaint about how his mortgage application had been dealt with.

It follows that I am satisfied Mr H's complaint about the charge card (and, therefore, his claim in respect of the consequences of being given the charge card) is time-barred. That means I cannot consider or determine its merits.

I can see that an adjudicator suggested that the two complaints (which had been set up here under two different reference numbers) should be administratively combined under one reference number for convenience of investigation.

But NatWest did not consent to our dealing with the charge card complaint out of time, so we could not go on to investigate that complaint. The administrative combination under one reference number did not affect the time limits contained in our rules.

My decision is that the Financial Ombudsman Service cannot consider this complaint further, because it was brought out of time.

*the complaint about the mortgage application*

I appreciate that Mr H can see no good reason why NatWest should not have granted him a buy-to-let mortgage, given his overall assets and means – and in the light of his longstanding customer relationship.

But NatWest has explained the criteria that it operates in relation to this type of mortgage, which are different from those applicable to other mortgage loans (such as commercial mortgages). I am not persuaded that NatWest was obliged to waive its lending requirements, and I consider that it was entitled to assess Mr H's application against those criteria.

That said, it is not in dispute that there were several service failures in NatWest's handling of the application – including that it wrongly raised Mr H's expectations of getting the loan. NatWest has already paid Mr H £500 for those service failures. Overall, I find that this payment represents a fair settlement for this complaint.

**my final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 April 2016.

Jane Hingston  
**ombudsman**