

The complaint

Mrs S complains that National Westminster Bank Plc (NatWest) didn't provide her with information in advance about the time constraints she had to secure a new fixed rate deal for the remaining term of her mortgage.

What happened

Mrs S took out a mortgage with NatWest in April 2007, with the last monthly payment due on 13 March 2025. Since then, there have been a number of product variations, the last of which was in October 2020 for a two-year fixed rate until 31 December 2022.

Mrs S says that she tried to secure a new mortgage deal online on 31 December 2022 but was unable to do so. She phoned NatWest and an appointment was arranged to resolve the issue. However, she says that the appointment was cancelled without her being notified.

NatWest says that there were no known issues with its online service on 31 December 2022; the reason why Mrs S faced difficulties was because she had less than 27 months of the mortgage term remaining. In line with its lending policy, this was not enough time remaining for it to offer a new deal. Therefore, Mrs S's mortgage would move to the standard variable rate.

Mrs S says that she received a letter from NatWest informing her that she could secure a new rate online. She questions why she received the letter if this was not possible. Mrs S says that there was no reference in the letter to any limitations of securing a new deal in relation to her remaining term or a cut-off date for this or clearly explaining the options available to her. Had this been forthcoming, Mrs S says that she would not be in this position. She says that the information regarding the time constraints should have been communicated to her in advance and in a timely manner.

Mrs S says that this issue has caused her extreme stress and financial burden, as she is now in arrears with her mortgage. As she missed the cut-off date for securing a new fixed rate mortgage her monthly payments have increased by over £500. She would like the fixed rate that she would have been eligible for – had she been advised in a timely manner – to be back-dated.

NatWest says that the letter Mrs S received was issued six months prior to the deal expiry and at that time she would have been eligible to secure a new rate as the remaining term was above 27 months. It accepted that Mrs S should have been told on the call on 31 December 2022 that she could not secure a new rate, rather than making an appointment. It therefore awarded her £100 to apologise for the distress and inconvenience caused. NatWest says that it attempted to call Mrs S back on 3 January 2023 (the next working day) to inform her that it could not continue with the appointment as she was not eligible for a new deal. However, the call was unsuccessful and the agent left a voicemail. Mrs S then made contact on 10 January 2023.

Our investigator looked into the complaint and found that there was no requirement for NatWest to have informed Mrs S of the limitations of securing a new fixed rate. He was satisfied that, at the time Mrs S contacted NatWest, the remaining term of her mortgage would not have been sufficient to meet the criteria to secure any of the two-year fixed rates offered.

Mrs S disagrees with this so the case has come to me to make a decision. She says that NatWest has admitted its error in communicating vital information during the call on 31 December 2022. Therefore, she questions why it did not recognise that it had failed to disclose the same vital information in its letter to her. She says that if the cut-off date had been made clear, she would have taken action and secured a new deal in a timely manner.

Mrs S has also raised a number of other issues in relation to the mortgage and other products she had with NatWest. However, I will only be looking at the issue above which she has brought to this service. If Mrs S wishes to make any further complaints about NatWest then she must first do so to NatWest in order to give it the opportunity to respond.

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 looked at the evidence I agree with the investigator's view for broadly the same reasons and I've explained my reasons further below.

Mrs S has essentially complained that NatWest didn't tell her in advance about the cut-off date for her to be able to secure a new fixed rate deal for the remaining term of her mortgage.

I've looked at the mortgage variation agreement dated 5 October 2020. This sets out that the mortgage would be on a fixed rate of 1.49% until 31 December 2022 and would then revert to NatWest's SVR on 1 January 2023. The mortgage illustration shows that the duration of the loan at the time of the variation was four years and five months, with the final repayment being on 13 March 2025.

I can see that a letter was issued to Mrs S in June 2022 informing her that her current mortgage deal was ending on 31 December 2022 and that she would move on to the SVR on 1 January 2023. The letter set out that there was no need to take any action if she was happy to go onto the SVR. However, it said that she could save money by moving to an alternative deal with a lower rate either by renewing online or by booking an appointment with a mortgage advisor if she needed advice.

At the time NatWest sent Mrs S the letter, there would have been a sufficient term remaining on her mortgage to have moved to a new deal. So I don't consider that anything in the letter is inaccurate. Mrs S only contacted NatWest around six months later on the final day of her existing deal, 31 December 2022, by which point the existing term was insufficient for NatWest to offer her a new deal.

NatWest has said that there was not enough time remaining for it to offer Mrs S a new deal in line with its lending policy. This is because there must be a sufficient term remaining on the mortgage to facilitate the new deal and the fixed rates available at that time would all have expired after the end of the mortgage term. I have looked at the deals offered by NatWest at the time of the call on 31 December 2022, and I am satisfied that there was nothing available which would have finished before the end of the mortgage term. So I don't think it did anything wrong in not offering her a new deal at this stage.

I appreciate that Mrs S is saying that she would have contacted NatWest earlier, had she been made aware of the time constraints for going on to a new deal. But I would not expect NatWest to have made Mrs S aware of this in advance. It wasn't that Mrs S would never have been eligible for anything on 31 December 2022 or that there was a definitive cut-off date; what she could have got was always subject to what NatWest had on offer at the time she asked. As it happened, all the new deals it had on offer ran for longer than two years and beyond the end of her term at the time she asked.

The letter gave Mrs S the option to do nothing if she was happy to go onto the SVR when the deal ended or to contact it if she wanted to move to a new deal. There were a number of things Mrs S may have wanted to do at this stage; she may have wanted to remain on the SVR or to move to a different lender once the fixed rate had ended. And I don't think it's reasonable for NatWest to be expected to provide detailed information about all of the possible scenarios Mrs S might have been considering before it was aware of her intentions.

Mrs S has said in response to the view that NatWest has admitted it made an error in relation to communicating vital information during the call on 31 December 2022. Therefore, she questions why it did not recognise that it had failed to disclose the same vital information in the letter. At the time of the call, Mrs S had said that she was trying to sign up to a new deal and NatWest made an appointment for her to discuss this. However, this was incorrect as she was no longer eligible for a new deal. Therefore, NatWest accepted that it had given Mrs S the incorrect information during the call as it should have told her at that point that a new deal wasn't possible. This does not affect my findings above in relation to whether NatWest should have pro-actively told Mrs S that she had a certain amount of time left if she wanted to sign up to a new two-year deal.

As set out above, NatWest has accepted that Mrs S should have been told during the call on 31 December 2022 that she was not eligible for any of the new deals it had available at that time due to the remaining term on the mortgage, as opposed to an appointment being made to discuss a new deal. It has offered Mrs S £100 for the distress and inconvenience caused by this, which I think is reasonable in the circumstances.

NatWest says that it tried to call Mrs S to let her know that it could not continue with the appointment and left a voicemail. However, Mrs S says that she has no record of this. I've looked at NatWest's contact notes with Mrs S and I can see that a note has been left on 3 January 2023 stating "*(CALLBACK FROM TM) vm left, should customer call back, confirm she is unable to change rate due to term*". I'm satisfied that the records are contemporaneous and it looks like a team manager from NatWest did try and notify Mrs S about the cancellation of the appointment once it realised the error and left a voicemail. It did this on the next working day which I think was reasonable. In any event, the cancellation of the appointment would not have altered the fact that Mrs S was not eligible to apply for a new deal.

I can sympathise with Mrs S's situation and I know my decision will come as a disappointment to her, but I can't say that NatWest has acted unreasonably in the circumstances of this case and I don't uphold this complaint.

My final decision

For the reasons I've explained above, I don't require National Westminster Bank Plc to do anything further. If it hasn't done so already, it should pay Mrs S £100 if she accepts the decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 28 March 2024.

Rachel Ellis
Ombudsman