

The complaint

Mrs K and Mr K complain that National Westminster Bank Plc ('NatWest') issued a formal demand for repayment of their mortgage in October 2023.

In order to resolve matters they want NatWest to extend the term of their mortgage until they are able to obtain an equity release mortgage on their property

What happened

Mrs K and Mr K hold a mortgage with NatWest. The mortgage term ended in 2014. Since then, NatWest has agreed several extensions to the term of their mortgage. The most recent term extension ended in June 2023.

Mrs K and Mr K previously brought a complaint to this service about NatWest. A final decision on their previous complaint was issued in early 2022. For the avoidance of any doubt, I have not considered issues that were previously referred to this service, I have only considered their complaint about NatWest's recent actions.

In October 2023, NatWest sent Mrs K and Mr K a formal demand for repayment of their mortgage.

Mrs K and Mr K said they were not in a position to repay their mortgage with NatWest and they asked for another extension to the term of the mortgage. They explained that they had tried to arrange an equity release mortgage on the property, but the lender had said it required an EWS1 form to be satisfied that the property was suitable for mortgage purposes. Mrs K and Mr K said the freeholder of their building needed to obtain the form and hadn't yet done so. They asked NatWest to extend the term of their mortgage until after the EWS1 form had been obtained. They said they thought the freeholder would have obtained the form '*in a few more months*'.

NatWest noted that the mortgage term had ended in 2014 and it said it wasn't willing to extend the term of the mortgage any further. It said a final term extension had been agreed in late 2022 and this extension had ended on 19 June 2023.

Mrs K and Mr K's representative complained to NatWest. He said it was treating them unfairly and Mrs K and Mr K should be treated as vulnerable customers. He said:

Their property is currently unmortgageable and cannot be sold on the open market at a fair price because it does not have an EWS1 certificate. Their landlord [name of freeholder] have indicated that an EWS1 will become available but has given no clear date for this but is expected 2024.

Mrs K and Mr K also complained about the customer service they had received.

NatWest did not uphold their complaint. In summary, it said that as there was no confirmed date for the EWS1 form to be provided it was not willing to place an indefinite hold on their mortgage. It said it did not think it was treating Mrs K and Mr K unfairly and it explained that

it had applied the same guidelines it applies to all its customers at the end of their mortgage term.

Mrs K and Mr K were not satisfied with NatWest's response and referred their complaint to this service.

Having considered this complaint our investigator said she did not think that NatWest had treated Mrs K and Mr K unfairly and she did not think their complaint should be upheld.

Mrs K and Mr K's representative did not accept the investigator's view. He said he felt that as NatWest had been *'more than happy to extend the mortgage since 2014'* it should agree to extend the term of the mortgage by another six months as, *'...it is almost certain there will be an EWS1 certificate in place, it's likely that terms will have been agreed for them to sell their business and quite likely their art will have been sold. Failing any or all of them going through then our clients will be willing to accept their fate at that point.'*

Our investigator said she couldn't reasonably require NatWest to extend the term of the mortgage again. She noted that Mrs K and Mr K had already had ten years since the original mortgage term had ended to make arrangements to repay the mortgage.

Mrs K and Mr K's representative responded again on their behalf. He did not accept our investigator's view and asked for the complaint to be determined by an ombudsman. He said he didn't think it was relevant that NatWest had extended the term of the mortgage several times since 2014.

He said he had been in *'...constant contact with two equity release brokers, they have consistently stated there will be no problem getting an equity release for the property, it has been surveyed before for equity release, it is only the lack of the EWS1 that is preventing the equity release happening.'*

In view of this, he said he felt it was unreasonable and unfair for NatWest to refuse to extend the term of the mortgage again, until the EWS1 form had been obtained. He said he felt NatWest's refusal to do so was a breach of the requirement to Treat Customers Fairly and the Consumer Duty Principle.

Mrs K and Mr K also contacted this service and raised a number of new complaint points relating to the customer service they had received from NatWest since early 2024.

Our investigator explained that as the points Mrs K and Mr K had raised regarding the customer service they had received since early 2024 had not previously been raised with NatWest, they would need to raise these issues with NatWest in the first instance.

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 have reached the same view as our investigator and for much the same reasons. I'll explain why.

I appreciate that Mrs K and Mr K want NatWest to extend the term of their mortgage until the freeholder obtains a EWS1.

I asked Mrs K and Mr K's representative to provide evidence to show that they were unable to proceed with an equity release mortgage until an EWS1 form had been obtained. Their

representative provided a copy of a survey that had been carried out on behalf of an equity release provider. The survey said an EWS1 form was required before a valuation could be provided. As it was not clear when this survey had been carried out, I asked the representative to confirm the date of the survey. He said it had been carried out in late December 2021.

I also asked the representative for evidence to support his claim that:

Last we checked no-one would consider a property like Mr & Mrs K's without an EWS1 certificate.

Unfortunately, the representative was not able to provide this service with anything to support his claim that he had carried out recent checks to determine whether it was possible for Mrs K and Mr K to obtain an equity release mortgage without an EWS1 form.

He said it had '*... been confirmed on 'phone calls that the EWS1 would still be needed and so we have not since put them to the bother of formally valuing the property as the result is known in advance.*'

In the absence of any up-to-date confirmation from equity release mortgage lenders that they are not willing to consider the property as suitable security without an EWS1 form, I cannot reasonably say that NatWest should agree to extend the term of Mrs K and Mr K's mortgage any further. In reaching this view I have taken into account that a number of lenders offer alternative approaches and no longer require an EWS1 form.

I appreciate that Mrs K and Mr K want NatWest to extend the term of their mortgage again, but in the absence of any up-to-date information to show that they cannot obtain an equity release mortgage without an EWS1 form, I cannot reasonably find that NatWest is treating them unfairly by declining their request for another extension to their mortgage term.

Likewise, I understand from the submissions Mrs K and Mr K and their representative have made to this service that they have assets that could have been sold to repay the mortgage. It is unclear to me why Mrs K and Mr K did not sell these assets ahead of the end date of their mortgage. I cannot reasonably require NatWest to offer a further extension for these assets to be sold as I think Mrs K and Mr K ought reasonably to have taken steps to sell these assets before the mortgage term expired.

I am mindful that Mrs K and Mr K's representative says that NatWest should treat them as vulnerable customers. It is not in dispute that lenders should be supportive when a customer's mortgage comes to the end of its term and should ensure that vulnerable customers are treated fairly. But this doesn't mean NatWest must agree Mrs K and Mr K's request to extend their mortgage term any further, particularly when the original term of the mortgage ended ten years ago.

Mrs K and Mr K have also complained about the wording and tone of the formal demand for repayment of their mortgage they received from NatWest. I do understand that they found the letter upsetting, but as NatWest has explained, the wording is the standard wording it uses in formal demands. I can't reasonably find that NatWest acted incorrectly, or unfairly when it sent this demand to Mrs K and Mr K.

I note that Mrs K and Mr K's representative has referred to the Financial Conduct Authority's Consumer Duty Principle.

In July 2023, the FCA introduced new standards for lenders called the Consumer Duty. This sets higher and clearer standards for consumer protection across financial services. I have

considered the Consumer Duty and its application to this case but this does not lead me to change the outcome that I've set out above.

I do understand that this is not the decision that Mrs K and Mr K were hoping for but based on the information and evidence provided I cannot reasonably find that NatWest have treated them unfairly in this matter.

My final decision

My decision is that, for the reasons I have set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K and Mr K to accept or reject my decision before 29 July 2024.

Suzannah Stuart
Ombudsman